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TREATISES AND ESSAYS

ON

SUBJECTS CONNECTED WITH

ECONOMICAL POLICY;

WITH

BIOGRAPHICAL SKETCHES

OF

QUESNAY, ADAM SMITH, AND RICARDO.

BY

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NOTICE.

The following Volume consists of Treatises and Essays on some of the most important subjects connected with the Theory, Development, and History of Economical Policy; with Biographical Sketches of the great Masters of Economical Science. Some of these Articles have already appeared in the "Encyclopædia Britannica" and other works, while others are now published for the first time. The former have, however, been carefully revised, and in part rewritten. And the collection may not, perhaps, be thought unworthy of some portion of the public patronage.

London, *December* 1852.

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MR M^c^CULLOCH'S PUBLICATIONS.

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A

TREATISE

ON

MONEY.[1]

MONEY[2] is a term used to designate the commodity or article which the inhabitants of any given country accept, either voluntarily or by compulsion, as an equivalent for their services, and for whatever else they may have to dispose of.

SECT. I.—Circumstances which led to the use of Money. Principal properties which every Commodity used as such ought to possess. Not a Sign or a Measure of Value, but a real Equivalent.

Were the division of labour unknown, and did every individual or family directly produce the articles necessary for his or their consumption, there would be no exchanges, and, consequently, no money. But, after the division of labour has been established, the employment of money becomes necessary, or, at least, highly advantageous. A very small part only of a man's wants is then directly supplied by his own exertions. The greater part is indirectly supplied by his exchanging ser-

[1] Originally published in the Encyclopædia Britannica.

[2] Etymologists differ respecting the derivation of the word money. Some contend that it comes from *monere* (*quia nota inscripta de valore admonet*), because the stamp impressed on coined money indicates its weight and fineness (Bouteroue, "Recherches sur les Monnoyes de France, p. 1); and others that it originates in the circumstance of silver being first coined at Rome in the temple of *Juno Moneta*.—Suidas. *in voce* Μονητα.

vices, or such parts of the articles he has produced as exceed his own consumption, for such parts of those produced by others as he has occasion for, and they are willing to part with. Every man thus lives by exchanging, or becomes in some measure a merchant, and the society itself grows to be what is properly a commercial society.

"But when the division of labour first began to take place, this power of exchanging must frequently have been very much clogged and embarrassed in its operations. One man, we shall suppose, has more of a certain commodity than he himself has occasion for, while another has less. The former, consequently, would be glad to dispose of, and the latter to purchase, a part of this superfluity. But, if this latter should chance to have nothing that the former stands in need of, no exchange can be made between them. The butcher has more meat in his shop than he himself can consume, and the brewer and the baker would each be willing to purchase a part of it; but they have nothing to offer in exchange except the different productions of their respective trades, and the butcher is already provided with all the bread and beer which he has immediate occasion for. No exchange can, in this case, be made between them. He cannot be their merchant, nor they his customers; and they are all of them thus mutually less serviceable to one another. To avoid the inconveniency of such situations, every prudent man, in every period of society, after the first establishment of the division of labour, must naturally have endeavoured to manage his affairs in such a manner as to have at all times by him, besides the peculiar produce of his own industry, a certain quantity of some one commodity or other, such as he imagined few people would be likely to refuse in exchange for the produce of their industry."[1]

This commodity, or *Marchandise banale*, as it is termed by the French, whatever it may be, is *money*.

An infinite variety of commodities have been used as money in different countries and states of society. Those nations who chiefly subsist by the chase, such as the ancient

[1] Wealth of Nations, M'Culloch's ed., in one vol., p. 10.

Russians, and the greater part of the Indians who occupy the uncultivated portion of America, use the skins of wild animals as money.[1] In a pastoral state of society cattle are sometimes used for that purpose. Homer tells us that the armour of Diomed cost only *nine* oxen, whilst that of Glaucus cost a *hundred*.[2] The etymology of the Latin word (*pecunia*) signifying money, and of all its derivatives, would seem to prove that cattle (*pecus*) had been the primitive money of the Romans.[3] And that they had been used as such by the ancient Germans is obvious; for their laws uniformly fix the amount of the penalties to be paid for offences in cattle.[4] In remoter ages corn was very generally used, in agricultural countries, as money; and even now, it is by no means uncommon to stipulate for corn rents and wages. Other articles have been used in different countries. Salt is said to be the common money of Abyssinia.[5] A species of shells called *cowries*, gathered on the shores of the Maldive Islands, are used in smaller payments throughout Hindostan, and form the only money of extensive districts in Africa.[6] Dried fish

[1] Storch, Traité d'Economie Politique, tome iii. p. 16; Ulloa, Mémoires Philosophiques sur l'Amérique, tome ii. p. 100.

[2] Iliad, lib. 6, lin. 235. Garnier contends, in a note to his translation of the Wealth of Nations (v. p. 18, ed. 1822), that by oxen in the statement now referred to, Homer did not mean the animals so called, but coins impressed with the figure of an ox. But though the oldest Attic and some other ancient coins were marked with an ox, it does not follow that cattle were not used as money previously to their being issued. Indeed, the fair presumption is, that that circumstance was the cause of their figures being impressed on the coins.

[3] Morellet, Prospectus d'un Nouveau Dictionnaire de Commerce, p. 115.

[4] Storch, *in loco citato*. [5] Wealth of Nations, p. 10.

[6] "Dans les pays ou le cuivre a trop de valeur pour pouvoir représenter celle des plus menues denrées, on est encore obligé lui substituer quelque autre matière plus commune. C'est cette circonstance qui a fait adopter aux Indiens l'usage des *cauris* en guise des petite monnoie. Cet usage pourroit paroître étrange dans les pays aussi riches et d'une civilisation aussi ancienne que le Bengale et l'Indoustan: mais le cuivre y est si rare, et les vivres y sont à si bon marché qu'une pièce de la valeur de 1 cop. et ¼ [about a halfpenny English] peut y acheter une quantite des denrées suffisante pour la subsistence journalière d'un homme du peuple. On est donc obligé de deviser la plus petite monnoie de cuivre en plusieurs frac-

serves as money in Iceland and Newfoundland;[1] and Dr Smith mentions that, previously to the publication of the Wealth of Nations (1776), it was customary in a village in Scotland for workmen to carry nails, as money, to the baker's shop and the alehouse.[2]

But these commodities universally want some of the principal properties which every commodity used as money ought to possess. Products must frequently be brought to market worth only part of an ox or a skin; but as an ox could not be divided, and as the division of a skin would most probably deprive it of the greater part of its value, they could not be exchanged for such money. Divisibility is not, however, the only indispensable quality in a commodity used as a medium of exchange. It is necessary that it should admit of being kept for an indefinite period without deteriorating; that it should by possessing great value in small bulk, be easily transported; and that one piece of money of a certain denomination, should always be precisely equivalent to every other piece of money of the same denomination. But none of the commodities specified above, as having been used as money, possess these properties. Though cattle had been sufficiently divisible, they could neither be preserved, nor transported from one place to another, without a great deal of trouble and expense; while, owing to the difference in their qualities, one ox might be worth two or three oxen of an inferior species. It is plain, therefore, that they could not serve as money except in a very rude state of society, when the arts were almost unknown, and the rearing of cattle formed the principal employment. Corn is sufficiently divisible: but its

tions; et comme une monnoie d'aussi peu de valeur couteroit plus à fabriquer qu'elle ne pourroit valoir, on la remplace par un coquillage dont la nature fait presque tous les fraix. Quelque mince que soit la valeur d'un *cauris*, elle suffit dans ces contrées fertiles pour acheter une piece des bananes ou quelque autre fruit commun."—Le Goux de Flaix, Essai sur l'Indoustan, tome i. pp. 143–226, quoted by Storch. Economie Politique. tome iii. p. 133.

[1] Smith, *ubi supra;* and Horrebow, Description de l'Islande, tome ii. p. 90.

[2] Wealth of Nations, *loc. cit.*

bulk is far too great in proportion to its value to admit of its easy transportation, and it also is of very different and not easily appreciated qualities. Salt, shells, and fish, are all liable to insuperable objections. Equal quantities of all of them differ very greatly in their values; some of them cannot be divided, and others cannot be preserved or transported without much loss.

The commodities in question were also deficient in a still more important particular. Their value was not sufficiently *invariable* to permit of their being advantageously used as money. They were not durable commodities, nor was it possible to adjust their supply so as to avoid sudden fluctuations of price. The occasional abundance and scarcity of pasture has a powerful influence over the price of cattle, which is still more seriously affected by the prevalence of epidemical diseases, and other contingencies. The fluctuations in the price of corn, arising from variations of the seasons, are too frequent and obvious to require to be pointed out. And in the islands where cowries are picked up, a strong gale from a particular point of the compass has frequently, in a few hours, sunk their value considerably. It was not, therefore, to be expected that such commodities could be either generally or permanently used as money in civilised societies. No person would willingly buy, or barter produce for an article, which might, in a few weeks, or even days, lose a third or a half of its value.

The desire of uniting the different qualities of invariability of value, divisibility, durability, facility of transportation, and perfect sameness, doubtless formed the irresistible reasons which have induced all civilised communities to employ gold and silver as money. The value of these metals, though far from invariable, changes only by slow degrees; they are readily divisible into any number of parts, which may be again reunited, by means of fusion, without loss; they do not deteriorate by being kept; their firm and compact texture makes them difficult to wear; their cost of production, especially of gold, is so considerable, that they possess great value in small bulk, and can, of course, be transported with comparative facility; and their identity is perfect, the pure gold

and silver supplied by Russia and Australia having precisely the same qualities with that furnished by California and Peru. No wonder, therefore, when almost every property necessary to constitute money is possessed in so eminent a degree by the precious metals, that they have been used as such from a very remote æra. Their employment in this function is not ascribable to accident, to the genius of any individual, or to any peculiar combination of circumstances. It grew naturally out of the wants and necessities of society, on the one hand, and the means of supplying them possessed by these metals, on the other. They became universal money, as Turgot has observed, "not in consequence of any arbitrary agreement among men, or of the intervention of any law, but by the nature and force of things."

A considerable period must necessarily have elapsed, after the introduction of the precious metals into commerce, before they were used generally as money. But, by degrees, the various qualities which so peculiarly fit them for this purpose would become obvious; and every individual, in consulting his own advantage, would endeavour to exchange some portion of the produce of his industry for commodities which could be easily concealed or carried about, which did not deteriorate by being kept, and of which he could give a portion equivalent to any other article which he might afterwards wish to obtain. When first brought to market, gold and silver, like copper, iron, or any other metal, were in an unfashioned state, in bars or ingots. Sheep, oxen, corn and flour, etc., were then bartered for gold or silver, exactly as they were bartered for iron, copper, cloth, or anything else. The parties having agreed upon the *quality* and *quantity* of the metal to be given for the goods, the latter was ascertained by weight. Nor is this a mere conjectural statement, advanced in a later age to explain appearances, and resting on probability only. Aristotle[1] and Pliny[2] tell us, that such was, in fact, the method by which the precious metals were originally exchanged in Greece and Italy; and the sacred writings present us with a re-

[1] Polit. lib. i. cap. 9.

[2] Hist. Nat. lib. 33, cap. 3.

markable example of the prevalence of the same primitive practice in the East. We are there told that Abraham weighed four hundred shekels of silver, and gave them in exchange for a piece of ground he had purchased from the sons of Heth.[1] It is also mentioned, that this silver was "current money with the merchant," an expression which evidently refers to its quality only; for, had it been coined, or marked with a stamp, indicating its weight and fineness, it would not have been necessary to have weighed it. These ancient practices still subsist in various countries. In many parts of China, gold and silver do not circulate as coin under the authority of a public stamp. When exchanged, they are cut into pieces, supposed to be nearly proportioned to the value of the article they are to be given for; and the pieces are then weighed to ascertain their precise value. This practice is also prevalent in other countries.[2]

Before the art of metallurgy was well understood, the baser metals were frequently used as money. Iron was the primitive money of the Lacedemonians, and copper of the Romans. But these metals deteriorate by being kept; and, besides this defect, the rapid improvement of the arts, and the consequent reduction of their price, speedily rendered their bulk in proportion to their value too great to permit of their continuing to serve as money. Copper, however, is still advantageously used in the form of tokens, convertible into silver in very small payments. In Great Britain, copper pence and halfpence are rated far above their real value. But as their issue is exclusively in the hands of government, and as they are legal tender to the extent of one shilling only in any one payment, this over-valuation has not, for reasons which will be afterwards explained, had any bad effect.[3]

The trouble and inconvenience attending the weighing of

[1] Genesis, chap. xxiii. ver. 16.

[2] Goguet, De l'Origine des Loix, etc. tom. i. p. 268, 4to edit. See also Park's Travels, vol. i. p. 464, 8vo. edit.

[3] See Memorandum on the Silver Coinage of 1817, by the Master of the Mint, p. 378, of the Appendix to the Lord's Report on the Resumption of Cash Payments by the Bank.

the metal in every exchange of gold or silver for commodities, must have been early experienced. But the greatest obstacle to the use of unfashioned metals as money, would undoubtedly be found in the difficulty of determining their quality, or the degree of their purity, with sufficient facility and accuracy. The operation of *assaying*, is one of great nicety and delicacy; and, notwithstanding all the assistance derived from modern art, it is still no easy matter to ascertain the precise degree of purity of a particular piece of metal. In early ages, such an operation must have been performed in a clumsy and bungling manner. It is most probable, indeed, that when the precious metals were first used as money, their quality would be appreciated only by their weight and colour. A very short experience would, however, be sufficient to show the inexactness of conclusions derived from such loose and unsatisfactory criteria; and the devising of some method by which the fineness of the metal offered in exchanges might be easily and correctly made known, would very soon be felt as indispensable to the general use of gold and silver as money. Such a method was not long in presenting itself. It was early discovered, that, to indicate the purity of the metal, and also to avoid the trouble and expense of weighing it, no more was necessary than to mark each piece with a *public stamp*, declaring its weight and fineness. Such seem to have been the various steps which led the ancients, at a very remote æra, to the introduction of coined money.[1] It was an invention of the greatest utility, and has powerfully contributed to facilitate commerce, and to accelerate the progress of civilisation and the arts.

"Without some article of known exchangeable value, such as coin, readily received as an equivalent for other things, the interchange of commodities must have been very limited, and consequently the divisions of labour very imperfectly established. Now, money obviates these evils, and by a twofold operation, augments production. In the first place, it saves all that time and labour which, while the intercourse between man and man is carried on by barter, must frequently inter-

[1] Goguet, De l'Origine des Loix, etc., tom. i. p. 269.

vene before a person can be supplied with the quantity of the commodity which he wants. In the second place, and in consequence of its saving the time and labour which must otherwise be spent in effecting exchanges, it multiplies the transactions of mercantile industry, and thus allows the divisions of employment to be more thoroughly established. By the first operation, it disengages a very considerable portion of labour from an unproductive occupation, and enables it to receive a more useful direction. By the second operation, it increases in a very high degree the productive powers of the labour already usefully employed. It assists every man in availing himself of the skill and dexterity which he may have acquired in any particular calling, and promotes cultivation in a manner suitable to the climate and soil of different districts, and of different countries. And by both these operations, coined money increases to an extent, not easy to be calculated, the wealth of civilised communities."[1]

But however great the advantages attending the use of coins, their introduction had no influence over the nature of exchanges. Equivalents are still given for equivalents. The exchange of a quarter of corn for an ounce of pure unfashioned gold bullion, is undeniably as much a barter, as if it were exchanged for an ox, or a barrel of beer. But supposing the metal to be formed into a coin, that is, marked with a stamp indicating its weight and fineness, it is plain that that circumstance would make no change in the terms of the barter. The coinage saves the trouble of weighing and assaying the bullion, but it does nothing more. A coin is merely a piece of metal of a known weight and fineness; and the commodities exchanged for it are always held to be of equal value. And yet these obvious considerations have been very generally overlooked. Coined money, instead of being viewed in the same light as other commodities, has been regarded as something quite mysterious. It has been said to be both a *sign* and a *measure* of value. But a sovereign is not a

[1] Torrens on the Production of Wealth, p. 305.

sign, it is the thing signified. A promissory note, payable at some stated period, may not improperly be considered as the sign of the specie to be paid for it; but that specie is itself a commodity possessed of real exchangeable worth. It is equally incorrect to call money a measure of value, at least in the sense in which that phrase is commonly understood. Gold and silver do not measure the value of commodities, more than the latter measure the value of gold and silver. Every thing possessed of value may either measure, or be measured by, every thing else possessed of value. When one commodity is exchanged for another, each measures the value of the other. If the quartern loaf sold for a shilling, it would be quite as correct to say, that a quartern loaf measured the value of a shilling, as that a shilling measured the value of a quartern loaf.

The quality of serving as a measure of value is, therefore, inherent in every commodity. But the slow degrees by which the precious metals change their value, renders them peculiarly well fitted for forming a standard, by which to compare the values of other and more variable articles. To this standard reference is almost always made in estimating the value of products in civilised countries. We do not say, that one man is worth a thousand acres of land, and that another is worth a thousand sheep; but we ascertain for how much gold or silver the land and the sheep would respectively exchange, and then say, that their proprietors are worth so much money. But in this there is nothing mysterious. We merely compare the value of one commodity with the value of another. And as coin or money is the most convenient standard of comparison, the value of other commodities is usually estimated, or rated, in it.

It is obvious, from this statement, that the exchange of one commodity, or set of commodities, for another, may be adjusted, with reference to money, without any money being actually in the possession of either of the parties to the exchange. If a horse, for example, commonly sold for ten pieces of silver, an ox for five pieces, and a sheep for one piece, the animals might be exchanged in this proportion without the

intervention of money. The frequent recurrence of transactions of this kind seems to have given rise to the notion of an abstract or ideal standard of value. Thus, instead of saying that a horse is worth ten pieces of silver, an ox five pieces, and a sheep one piece, it has been contended that it might as well be said that they are respectively worth $10x$, $5x$, and $1x$; and, since the comparative values of commodities may be as clearly expressed in this way as in sums of money, that the latter may be discarded as a standard, and a set of arbitrary terms adopted in its stead. But those who argue thus completely mistake the nature and functions of a standard. Its object is not so much to mark the known relations between different commodities, as to enable those which are unknown to be easily discovered. And although a series of arbitrary terms may perhaps serve well enough for the first of these purposes, it is quite impossible that it can ever serve for the second. This, however, is the principal object of a standard; and it is sufficiently plain that nothing can be used as such unless it possess the same properties as the things with which it is to be compared. To measure length, a standard must have length; to measure value, it must have value. The value of commodities is ascertained by separately comparing their cost with the cost of money, and we express their relation to each other by stating the result of our inquiries; that is, by mentioning the number of dollars, of pounds, or of fractions of a pound, they are respectively worth. And, when any new commodity is offered for sale, or when any change is made in the cost of an old one, we ascertain its relation to the rest, by comparing it with a dollar or a pound. It is impossible, however, that we could do this, were the terms dollar or pound purely arbitrary, and referable to no really valuable article. We might as well try to estimate distances by an imaginary inch or an imaginary foot, as to estimate prices or values by an imaginary shilling or an imaginary sovereign. When we say that an ox is worth £5 and a sheep £1, we not only mean that each is worth a certain amount of gold or silver, but also, that when an ox and a sheep are compared together—that is, when the one serves as a stand-

ard by which to estimate the value of the other—one ox is worth five sheep. But, suppose that we wish to ascertain what is the relative value of some other commodity—a hat, for example—to oxen or sheep. Of what use would it be to be told that one ox was worth five sheep, or that, when the value of an ox was represented by the term "$5x$," the value of a sheep was represented by the term "$1x$"? It is not the relation between oxen and sheep, but the relation between these animals and hats, that we are desirous of learning. And, though this relation may be learned by comparing the cost of oxen and sheep with the cost of hats, or by ascertaining for how much of some other really valuable commodity an ox, a sheep, and a hat will respectively exchange, it is obvious it could never be learned by comparing them with x, or z, or other arbitrary term or symbol. It would not, in truth, be more absurd to attempt to ascertain it by comparing them with the hieroglyphics on an Egyptian sarcophagus. Nothing that will not exchange for something else, can ever be a standard, or measure of value. Commodities are always compared with commodities, and not with abstract terms. Men go to market with real values, and not with the signs of values, in their pockets. And it is to something possessed of real worth —to the gold contained in a sovereign, and not to the word sovereign—that they always have referred, and must continue to refer, in estimating value.[1]

[1] The following passage of Montesquieu has often been referred to in proof of the existence of an ideal standard:—"Les noirs de la côte d'Afrique ont un signe des valeurs sans monnoie; c'est un signe purement idéal fondé sur le degré d'estime qu'ils mettent dans leur esprit à chaque marchandise, à proportion du besoin qu'ils en ont; une certaine denrée, ou marchandise, vaut trois macutes; une autre, six macutes; une autre, dix macutes; c'est comme s'ils disoient simplement trois, six, dix. Le prix se forme par la comparaison qu'ils font de toutes les marchandises entre elles: pour lors, il n'y a point de monnoie particulière, mais chaque portion de marchandise est monnoie de l'autre."—Esprit des Loix, liv. xxii. cap. 8.

But, instead of giving any support to the notion of an abstract standard, this passage might be confidently referred to in proof of its non-existence. Had Montesquieu said that the blacks determined the values, or prices,

This principle has been neatly and perspicuously stated by Locke:—"Men, in their bargains," says he, "contract not for denominations or sounds, but for the intrinsic value; which is the quantity of silver (or gold), by public authority, warranted to be in pieces of such denominations. And it is by having a greater quantity of silver (or gold) that men

of commodities, by comparing them with the arbitrary term *macute*, the statement, though erroneous, would have been at least in point. But he says no such thing. On the contrary, he states distinctly that the relative values of commodities (marchandises) are ascertained by comparing them *with each other* (entre elles), and that it is merely the result of the comparison that is expressed in arbitrary terms.

So much for the weight to be attached to this statement, supposing it to be well founded. The truth is, however, that the term *macute* is not really arbitrary, and employed only to mark an ascertained proportion, but that it has a reference to, and is in fact, the name of an intrinsically valuable commodity. "On a bien dit," says l'Abbé Morellet, "que ce mot macute étoit une expression abstraite et générale de la valeur, et cela est vrai au sens où nous l'expliquerons plus bas; mais on n'a pas remarqué que cette abstraction a été consequente et posterieure à l'emploi du mot macute pour signifier une marchandise, une denrée réelle à laquelle on avoit longtems comparé toutes les autres.

"Macute en plusieurs lieux de la côte d'Afrique, est encore le nom d'une certaine étoffe: '*Chez les negres de la côte d'Angola*,' dit le voyageur Angelo, '*les macutes sont des pièces de nattes d'une aune de long*;' Jobson dit aussi que les macutes sont *une espèce d'étoffe*.

"Les étoffes ont toujours été l'objet d'un besoin tres-pressant chez des peuples aussi barbares, depourvus de toute espèce d'industrie.—Les nattes en particulier leur sont de la plus grande nécessité. Elles sont divisées en morceaux peu considerables et d'une petite valeur; elles sont très-uniformes dans leurs parties, et les premières qu'on a faites auront pu être semblables les unes aux autres, et d'une bonté égale, sous la même dénomination; toutes ces qualités les ont rendu propres à devenir la mésure commune des valeurs."—Prospectus d'un Nouveau Dictionnaire de Commerce, p. 121.

The following extract from Park's Travels gives an example of a similar kind:—"In the early intercourse of the Mandingoes with the Europeans, the article that attracted most notice was iron. Its utility in forming the instruments of war and husbandry made it preferable to all others; and iron soon became the measure (standard) by which the value of all other commodities was ascertained. Thus a certain quantity of goods, of whatever denomination, appearing to be equal to a bar of iron, constituted, in the trader's phraseology, a bar of that particular merchan-

thrive and grow richer, and not by having a greater number of denominations; which, when they come to have need of their money, will prove but empty sounds, if they do not carry with them the real quantity of silver (or gold) that is required."[1]

In common mercantile language, the giving of money for a commodity is termed *buying*, and the giving of a commodity for money, *selling*. *Price*, unless when the contrary is particularly mentioned, always means the value of a commodity rated in money.

Having thus endeavoured to explain the circumstances which led to the introduction of money, and to show what it really is, and what it is not, we proceed to investigate the laws by which its value is regulated. It is chiefly from the prevalence of erroneous opinions on this subject, that the theory of money has been so much misunderstood.

Sect. II.—Circumstances which Regulate the Exchangeable Value of Money.

This branch of our subject naturally divides itself into two parts: 1st, an inquiry into the principles which regulate the exchangeable value of money when the power to supply it is free or unfettered; and, 2d, an inquiry how far these principles are liable to be affected by the operation of monopoly.

I. There does not now seem to be much room for difference of opinion respecting the circumstances which regulate the

dise. Twenty leaves of tobacco, for instance, were considered as a *bar* of tobacco; and a gallon of spirits (or rather half spirits and half water) as a *bar* of rum; a bar of one commodity being reckoned equal in value to a bar of another commodity. As, however, it must unavoidably happen that, according to the plenty or scarcity of goods at market, in proportion to the demand, the relative value would be subject to continual fluctuation, greater precision has been found necessary; and, at this time, the current value of a single bar of any kind is fixed by the whites at *two shillings sterling*. Thus, a slave, whose price is L.15, is said to be worth 150 bars."—Travels in the Interior of Africa, 8vo. edit., vol. i. p. 39.

[1] Farther Considerations concerning Raising the Value of Money. Locke's Works, ii. 91. 4to. 1777.

value of the precious metals, and their distribution throughout the various countries of the globe. Bullion is a commodity, on the production of which competition operates without restraint. It is not subjected to any species of monopoly, and its value in exchange must, therefore, depend on the cost of its production, that is, on the quantity of labour required to produce it and bring it to market.

If it always required the same quantity of labour to produce the same quantity of bullion, its value would be *invariable;* and it would constitute a standard by which the variations in the exchangeable value of other commodities might be correctly ascertained. But this is not the case with bullion or anything else. Its value fluctuates like that of other articles, not only according to the greater or less productiveness of the mines from which it is extracted, but also according to the skill of the miners, the improvement of machinery, and other circumstances.

In his treatise on *Political Economy*, M. Say has a chapter entitled "De la valeur que la qualité d'être monnoie ajoute à une marchandise." But a little reflection will convince us, that Say is mistaken, and that the circumstance of the precious metals being used as money does not affect their value. Say reasons on the vulgar hypothesis, that an increase of demand is always productive of an increase of value, an assumption which is totally at variance with principle and fact. Value depends upon the cost of production; and it is obvious that the cost of a commodity may be diminished, while the demand for it is increasing. This is so plain a proposition, as hardly to require to be substantiated by argument. And a reference to the case of cotton goods, the price of which, notwithstanding the vast increase of demand, has been constantly on the decline during nearly a century past, is enough to convince the most sceptical of the extreme erroneousness of Say's conclusion. But, with regard to the particular case of the precious metals, it is clear that under ordinary circumstances, or when mining is prosecuted under nearly the same conditions as other businesses, the capital devoted to the production of gold and silver must yield

the common and ordinary rate of profit; for, if it yielded more than that rate, there would be an influx of capital to the mining business; and, if it yielded less, it would be withdrawn, and vested in some more lucrative employment. And hence, though the demand for gold and silver should, from the adoption of some other commodity as an instrument of exchange, gradually become less, the value of the precious metals would not, on that account, be reduced. A smaller supply would, indeed, be annually brought to market, and a portion of the capital formerly engaged in the mining, refining, and preparing of the metals, would be disengaged. But as the whole stock thus employed yielded only the average rate of profit, the portion which is not withdrawn must continue to do so; or, which is the same thing, gold and silver must continue to sell for the same price. It is true that where mines are, as they almost always are, of different degrees of productiveness, any great falling off in the demand for bullion might, by rendering it unnecessary to work the inferior mines, enable the proprietors of the richer mines to continue their work, and to obtain the ordinary rate of profit on their capitals, by selling bullion at a reduced price. In this case the value of bullion would be really diminished; but this diminution would not be occasioned by a falling off in the demand, but by a greater facility of production. On the other hand, an increased demand for bullion, whether it arose from the suppression of paper money, or from a greater consumption of gold and silver in the arts, or from any other cause, would not be accompanied by any rise of price, unless it were necessary, in order to procure the increased supply, to have recourse to less productive mines. If the mines from which the additional supplies were drawn were poorer than those already wrought, more labour would be necessary to procure the same quantity of bullion, and, of course, its price would rise. But if no such increase of labour were needed, its price would remain stationary, though ten times the quantity formerly required should be demanded.

But these conclusions, though true under the circumstances supposed, are often much modified in practice. The produc-

tion of the precious metals frequently, indeed, partakes very largely of the nature of a gambling speculation. When gold or silver is found in any particular locality, its abundance, and the facility which it affords to adventurers of enriching themselves, are uniformly exaggerated, and an excess of hands is attracted to the pursuit of the metal. In such cases, it commonly happens that, while a few individuals engaged in the business make fortunes, the great mass make little or nothing. But most people being sanguine enough to think that they will be found in the fortunate class, the supply of bullion may be largely increased, and its value reduced, even though the majority of those engaged in its production should be really carrying on a losing employment.

When the gold and silver mines of America first began to be wrought, the most extravagant ideas were entertained of their productiveness; so much so, that they were supposed to be able to bear a duty of half the produce. But it was soon found that the exaction of such a duty would occasion their total abandonment. It was consequently lowered, by successive reductions, to a tenth; and even this was felt to be oppressive, so that, in the end, the duty was fixed at a twentieth part, or five per cent. And, despite this reduction, the trade of mining, speaking generally, was unprofitable. Ulloa says, that in Peru, an individual who embarked in a mining speculation used to be considered as a ruined man, or as having adventured in a lottery, in which, though there were many great prizes, the blanks had a decided preponderance;[1] and, according to Humboldt, nearly the same thing was experienced in Mexico; the search after mines, and the working of them, being there looked upon as a sort of gambling adventure, in which many were ruined, while a few only attained to great wealth.[2]

It remains to be seen whether the result of the late extraordinary discoveries in California and Australia will be different. We suspect, however, that it will not; and that

[1] Ulloa, Voyage de l'Amerique, i. 379, Amsterdam, 1752.

[2] Nouvelle Espagne, liv. ii. cap. 7, edit. 1825.

in the lottery of these countries, as in that of Mexico and Peru, the blanks will greatly exceed the prizes. It is understood that, last year (1851), there were in California above 100,000 persons engaged in the raising of gold, or in the employments subordinate to and immediately connected therewith. And if we estimate the value of the labour of these parties at £100 a-year each, at an average, we shall not probably be beyond, but within, the mark; and, on this hypothesis, it would require a sum of £10,000,000 to defray their mere wages. Now, it would appear from the accounts most worthy of credit, that the produce of the gold diggings, etc., of California in 1851, amounted to from £12,000,000 to £14,000,000; and, taking it at the latter amount, which is perhaps exaggerated, still it would only yield £4,000,000 of surplus, which, were it equally divided among the parties employed in raising it, would give £40 to each. But instead of being equally, it is most unequally, divided; and, while a few have perhaps realised from £1000 to £5000, or upwards, it is plain that very many can have made little or nothing, not even ordinary wages. And this, no doubt, will also be the case in Australia. But the brilliant prizes, and the stories of cobblers and ditchers whom a fortunate chance has suddenly raised to opulence, will not fail to attract crowds of competitors. And the probability is, that the business of gold-raising will be zealously prosecuted, even though it should make a most inadequate return to the aggregate hands engaged in it. Under such circumstances, the supply of bullion may become, to a considerable extent, independent of the cost of its production; and the value of gold in the market may, for lengthened periods, depend chiefly on its quantity compared with the demand.

Although, therefore, it be true that, under ordinary circumstances, commodities are but seldom brought to market unless they sell at a price sufficient to repay the cost of their production, including therein a reasonable profit to the producers, yet many things occur to disturb the equilibrium between cost and price. And though, in the great majority of instances, such disturbances, when they do occur, are rarely of any very

considerable permanency, such is not the case with gold and silver. The circumstances connected with their production are so very peculiar, that they may be furnished for indefinite periods, and in large quantities, even when they do not really indemnify the great body of their producers.

After gold and silver have been brought to market, their conversion into coin, or manufactured articles, depends on a comparison of the profits which may be derived from each operation. Bullion would not be taken to the mint if it would yield a greater profit by sending it to a silversmith; and the latter would not work up bullion into plate, if he could turn it to better account by converting it into coin. Hence the values of bullion and coin, in countries where the expenses of coinage are defrayed by the state, nearly correspond. When there is any unusual demand for bullion in the arts, coin is melted down; and when, on the contrary, there is any unusual demand for coin, plate is sent to the mint, and the equilibrium of value maintained by its fusion.

It appears, therefore, that while competition operates without restraint on the production of gold and silver, their value will vary, as above stated. And, while they constitute the currency of the commercial world, the price of commodities, or their value rated in gold or silver, will vary, not only according to the variations in the exchangeable value of the commodities themselves, but also according to the variations in the value of the gold or silver with which they are compared.

II. But if competition were not allowed to operate in the production of the precious metals—if they were monopolised, and limited in their quantity—their exchangeable value would no longer be regulated by these principles. If, after the limitation, they still continued to be used as money, and if, in consequence of improved methods of production, raw and manufactured commodities, and valuable products of all sorts, were very much multiplied, the exchanges which the limited amount of money would have to perform, would be proportionally increased. A smaller sum would, therefore, have to be

appropriated to each transaction, or, which is the same thing, money prices would be diminished. When the supply of money is fixed, the amount of it given in exchange for commodities, varies inversely as the demand, and can be affected by nothing else.

We have assumed in this statement, for the sake of simplifying and elucidating the subject, that the substitutes which may be used for money, and the methods of economising the latter, are the same at both periods. Nothing, however, is easier than to allow for any change in the one or the other. And, supposing this allowance to have been made, it follows, if double the usual supply of commodities be brought to market in a country with a limited currency, that their money price will be reduced a half; and that, if only half the usual supply be brought to market, it will be doubled; and this, whether the cost of their production be increased or diminished. Products are not then exchanged for money, because it is a commodity capable of being advantageously used in the arts, and which has cost a certain quantity of labour, but because it is the universal equivalent used by the society, and will, as such, be willingly received by every one. The remark of Anacharsis, the Scythian, that gold and silver coins seemed to be of no use but to assist in numeration and arithmetic,[1] would, if confined to a limited currency, be as just as it is ingenious. Sovereigns, livres, dollars, etc., would then really constitute mere tickets or counters for computing the value of property, and transferring it from one individual to another. And as small tickets or counters would serve for this purpose quite as well as large ones, it is unquestionably true that a debased currency may, by limiting its quantity, be made to circulate at the value it would bear if the power to supply it were unrestricted, and it were possessed of the legal weight and fineness: and, by still further limiting its quantity, it may be made to pass at any higher value.

Thus it appears, that whatever may be the material of the money of any country, whether it consist of gold or silver, or

[1] Hume's Essay on Money.

of copper, iron, leather, salt, cowries, or paper, and however destitute it may be of all intrinsic value, it is yet possible, by sufficiently limiting its quantity, to raise its value in exchange to any conceivable extent.

Suppose the existing money of Great Britain to consist of 50,000,000 or 60,000,000 of one pound notes, and that we are prevented from increasing or diminishing this sum, either by issuing additional notes or coins, or by withdrawing the notes in circulation: It is obvious that the quantity of commodities for which such notes would continue to exchange, would increase or diminish with the increase or diminution of the commodities brought to market. If we suppose that three times the amount of products now offered for sale, are offered ten or twenty years hence, and that the economy of circulation has continued the same, prices will fall to one-third part of their present amount; or, which is the same thing, the exchangeable value of the paper money will increase in a threefold proportion: and, on the other hand, if the products brought to market diminish in the same proportion, the exchangeable value of the paper money will be equally reduced.

The principles we have now stated are of the greatest importance to a right understanding of the real nature of money. Its value depends, at any given moment, on the quantity of it in circulation, compared with the demand. If it consist partly of coin, and partly of paper immediately convertible into coin, the value of the paper will obviously depend upon, and be, in fact, identical with, that of the coin. But if it consist of paper notes, not convertible into coin, and which, nevertheless, are legal tender, then it is plain that the value of such notes must be wholly determined by the number of them in circulation. Such a currency having little or no intrinsic worth, its value, in exchange, depends on the extent to which it has been issued, and on the fact of its being legal tender. By restricting its issue, its value may be raised to any extent.

Speaking generally, the value in exchange of a currency, consisting of the precious metals, is coincident with the cost of their production. If a sovereign commonly exchange for two

or three bushels of wheat, or a hat, it is because the same labour is commonly required for its production as for that of either of these commodities; while, if with a limited and inconvertible paper money, they exchange for a one pound note, it is because such is the proportion which, as a part of the mass of commodities offered for sale, they bear, taking the cost of each into account, to the supply of paper in the market. This proportion would, it is evident, be not only immediately, but permanently, affected by an increase or diminution either of paper or commodities. But the relation which commodities bear to a freely supplied metallic currency could not be permanently changed, except by a change in their cost, or in that of the metals.

We have already seen in how far these conclusions are liable to be affected by the peculiar circumstances under which gold and silver are frequently produced. But how much soever their value in exchange may diverge for a while from the cost of their production, its uniform tendency is to coincide with that cost; and though the value of bullion, as compared with other articles, may differ very widely at different periods, these differences are usually manifested only by slow degrees. The vast extent of the surface over which the precious metals are spread, and the many purposes to which they may be applied, prevents even the largest additional supplies from suddenly reducing their value; while, on the other hand, their great durability prevents any sudden diminution of their quantity, and the influence of a falling off in the supply from being speedily visible.

It may, therefore, be laid down generally, that the value of money depends on the quantity of it in circulation compared with the exchanges to be effected by its means, or with the business it has to perform. When, however, money consists of coins, their value is most commonly limited by, and proportioned to, the cost of their production; whereas, when it consists of paper, not convertible into coin, its value is exclusively determined by the magnitude of its issues, and has nothing to do with the cost of its production. That cost may, indeed, in its case, be regarded as zero.

Such seem to be the circumstances which regulate the value of money, both when the power to supply it is not subjected to any species of monopoly, and when it is monopolised and limited. In the former case, its value generally depends, like that of the greater number of other commodities, on the cost of its production; while, in the latter case, its value is unaffected by that circumstance, and depends entirely on the extent to which it has been issued, compared with the demand.

The conclusions deducible from these principles are most important. A metallic currency, on the coinage of which a high seignorage or duty was charged, and a paper currency, not convertible into the precious metals, were occasionally seen to circulate at the same value with a metallic currency of full weight, and which had been coined at the expense of the state. But no rational or consistent explanation of these apparently anomalous results could be given until the effects produced by limiting the supply of money had been appreciated. Now, however, that this has been done, these difficulties have disappeared. The theory of money has been perfected, and we may estimate, *a priori*, what, under any given circumstances, would be the effect of imposing a seignorage, or of issuing inconvertible paper.

Sect. III.—A Moderate Seignorage on Coined Money advantageous. Principles which should regulate its amount.[1]

The governments of most countries have retained the power of coining exclusively in their own hands. In antiquity this privilege was reserved to prevent the confusion which must attend the circulation of coins of different denominations were

[1] Seignorage, strictly speaking, means only the clear revenue derived by the state from the coinage. But it is now commonly used to express every deduction made from the bullion brought to the mint to be coined, whether on account of duty to the state, or of the expense of coinage (properly *brassage*). We always use the phrase in its more enlarged sense.

individuals permitted to issue them at pleasure, and to give the public greater security, that the stamp should truly indicate the weight and fineness of the metal.[1] And in more modern times it has been used not only as a means of affording a better guarantee to the public, but also of increasing the national revenue. Much difference of opinion has, however, existed in regard to a proceeding of this sort. It has been contended that the state ought in no circumstances to charge any duty on coined money; and that the expenses of the mint should always be defrayed by the public. In this opinion we cannot concur; and the reasoning of Dr Smith, in favour of a moderate seignorage, appears to us to be quite unanswerable. No good reason has been given why those who want coins should not pay for their coinage. A sovereign is more valuable than a piece of pure unfashioned gold bullion of the same weight; and for this plain reason, that while it is equally well fitted for being used in the arts, it is better fitted for being used as money. In imposing a duty or seignorage on coins to defray the expense of coinage, government merely receives the equivalent of the additional value conferred by the process on the bullion. Those who carry gold to the mint would, in truth, have no more reason to complain were they made to pay the cost of its manufacture than those who carry it to a jeweller.

But there are other reasons why a seignorage, to this extent at least, ought to be exacted. Wherever the expenses of coinage are defrayed by the state, coined gold or silver, and gold or silver bullion, are very nearly of the same value. And hence, whenever it becomes profitable to export the precious metals, coins, in the manufacture of which a considerable expense has been incurred, are sent abroad indifferently with bullion. It has indeed been attempted, by prohibiting the exportation of coins, to prevent the loss that may thus be occasioned; but these efforts having proved singularly ineffectual, have been abandoned in this

[1] Le Blanc, *Traité Historique des Monnoyes de France*, p. 90. ed. Amst. 1692.

and most other countries. Admitting, however, that it were possible, which it certainly is not, to prevent, or materially limit, the clandestine exportation of coins, it is conceded on all hands to be quite nugatory to attempt to prevent their conversion into bullion. In this there is almost no risk. And the security with which their fusion may be effected, and the trifling expenses attending it, will always enable them to be melted down and sent abroad whenever there is any unusual foreign demand for the precious metals. This exportation would, however, be either prevented or materially diminished by the imposition of a seignorage or duty, equal to the expense of coinage. Coins being, by this means, rendered more valuable than bullion, it would be sent abroad in the event of the exchange becoming unfavourable, or of gold becoming a suitable article of export. And if, as Smith has observed, it became necessary on any emergency to export coins, they would, most likely, be re-imported. Abroad they would be worth only so much bullion, while at home they would be worth this much, and the expense of coinage besides. There would, therefore, be an obvious inducement to bring them back; and the supply of currency would be maintained at its proper level, without its being necessary for the mint to issue fresh coins.

Besides relieving the country from the useless expense of coining money sent abroad as an article of commerce, a moderate seignorage would either prevent or materially lessen that fusion of the heavier coins, which always takes place whenever a currency becomes degraded or deficient in weight. Previously to the recoinage of 1774, the weight of bullion contained in the greater number of the gold coins in circulation was reduced nearly two per cent. below the mint standard; and, of course, the price of gold bullion, estimated in this degraded currency, rose two per cent., or from £3, 17s. 10½d., its mint price, to £4 per ounce. This, however, was too minute a difference to be taken into account in the ordinary business of buying and selling. And the possessors of coins fresh from the mint, or of full weight, not obtaining more produce in exchange for them than for the lighter coins, sent the former to

the melting-pot, and sold them as bullion. But it is easy to see that this fusion would have been prevented had the coins been laden with a seignorage of two per cent. The heavy coins could not then have been melted without losing the value given them by the seignorage; and this being equal to the excess of the market price of bullion above the mint price, nothing would have been gained by the melters. Had the seignorage been less than two per cent., the average degradation of the coin, had it, for example, been only one per cent., all those coins whose value was not more than one per cent. degraded below their mint standard, might have been melted; but if the seignorage had exceeded two per cent., no coins would have been melted until the degradation had increased to the same or a greater extent.

This reasoning is bottomed on the supposition that the coins on which a seignorage is charged are not issued in excess. If they were, the above-mentioned consequences would not follow. Their too great multiplication might sink them even below their value as bullion, and occasion their immediate fusion or exportation. So long, however, as the state only coins the bullion brought to the mint by individuals, there is no risk of this happening. No one, we may be pretty well assured, would carry bullion to that establishment, and pay the expenses of its coinage, unless the coins were thereby rendered so much more valuable than the unfashioned metal.

Were government to buy bullion, and coin money on its own account, it might, by a little attention, easily avoid all over-issue. Suppose the seignorage were two per cent., then any given weight of coins of the mint standard ought, provided the currency be not redundant, to purchase two per cent. more than the same weight of bullion. So long, therefore, as this proportion is preserved between money and bullion, it shows that the proper supply of currency has been issued. If the value of the coins decline below this limit, too many of them must have got into circulation; and if, on the contrary, their value increase, the supply is too limited, and an additional quantity may be advantageously issued.

It must not, however, be concealed, that if it were attempted to charge a high seignorage, it would be extremely difficult, or rather quite impracticable, to limit the supply of coins. The inducement to counterfeit money would, under such circumstances, be very greatly increased, while the chances of detection would be very much diminished. It would not then be necessary, to derive a profit from counterfeit coins, that they should be manufactured of base metal. The saving of a heavy charge on account of seignorage might of itself afford a sufficient profit; and this could be derived, though the metal contained in the forged coins were of the standard purity. But though it might, for this reason, and most probably would, be quite impossible to limit the supply of currency, and consequently to sustain its value, were any thing like an exorbitant seignorage charged, the same difficulty would not stand in the way of a moderate one. The business of counterfeiting would not be carried on did it not yield a premium sufficient to indemnify the forgers for the risks and odium to which they are exposed. A seignorage less than this would not encourage the issue of counterfeit coins. And though it might be difficult to form any very precise estimate of the amount of the premium referred to, it would not probably be under three or four per cent.[1]

In his evidence before the Lords' Committee in 1819, Mr Mushet stated that, with the improved machinery in use in the mint, gold coin could be manufactured for about 10s. per cent.[2] And the manufacture of the silver coin might then, we believe, be taken at about three times as much, or at one and a-half per cent. It appears from an account given in the Report published in 1849 (p. 86), of the Commissioners appointed to inquire into the Constitution, etc., of the Mint, that the expense of coinage, at an average of the eleven years ending with 1848, amounted, exclusive of law expenses, to

[1] Mr Tooke read a very able paper on seignorage before the Lords' Committee of 1819, on the resumption of cash-payments. It is printed in the appendix to their report.

[2] Minutes of Evidence, p. 207.

£1, 5s. 3¾d. per cent. The total amount coined during this period was £38,275,486, of which £34,877,664 was gold, £3,329,716 silver, and £68,103 copper. It is said to be very difficult to distinguish exactly the separate cost of coining the different metals. There can, however, be little doubt that the changes lately introduced into the mint will effect a very considerable saving in the expense of coining; and the probability is, that in future it will be under one per cent. on the average value of the total coins issued. In France the procedure at the mint has been so much perfected that the expense of coining gold has been reduced to six fr. on 3,100 fr., or to ·0193 per cent., and that of silver to 75 cent. per 100 fr., or ¾ per cent.[1] In Russia the gold costs 0·85, and the silver 2·95 per cent.[2]

The precise period when a seignorage began to be charged upon English silver coins has not been ascertained. It must, however, have been very early. Ruding mentions, that in a mint account of the 6th Henry III., one of the earliest he had met with, the profit on £3,898, 0s. 4d. of silver coined at Canterbury, is stated to be £97, 9s., being exactly 6d. a-pound, of which the king had £60, 18s. 3⅓d., and the bishop the residue.[3] In the 28th Edward I. the seignorage amounted to 1s. 2½d. per pound, 5½d. being allowed to the master of the mint, to indemnify him for the expenses of coinage, and 9d. to the crown as its profit. Henry VI. increased the master's allowance to 10d. and 1s. 2d., and the king's to 1s. and 2s. In the reign of Edward IV., the seignorage varied from 4s. 6d. to 1s. 6d. It was reduced to 1s. in the reign of Henry VII.; but was prodigiously augmented in the reigns of his successors, Henry VIII. and Edward VI., whose wild and arbitrary measures produced, as will be afterwards shown, the greatest disturbance of the currency. During the lengthened reign of Elizabeth, the seignorage varied from 1s. 6d. to 2s. per pound; at which

[1] Chevalier de la Monnaie (p. 110). This work forms the third volume of Chevalier's "Cours d'Economie Politique."

[2] Storch. tom. vi. p. 74.

[3] Annals of the British Coinage, vol. i. p. 179, 4to edition.

sum it continued, with very little variation, until the 18th of Charles II. (1666), when it was remitted.

From this period down to 1817, no seignorage was charged on the silver coin; but a new system was then adopted. Silver having been underrated in relation to gold in the mint proportion of the two metals fixed in 1718, heavy silver coins were withdrawn from circulation, and gold only being used in all the larger payments, it became, in effect, what silver had formerly been, the standard of the currency. The act 56th Geo. III., cap. 68, regulating the present silver coinage, was framed not to interfere with this arrangement, but so as to render silver entirely subsidiary to gold. For this purpose it was made legal tender to the extent of only 40s.; and 66s. instead of 62s. are coined out of a pound of troy, the 4s. being retained as a seignorage, which, therefore, amounts to $6\frac{1}{31}$ per cent. The power to issue silver is exclusively in the hands of government; who may, by not throwing too much of it into circulation, prevent its fusion, until the market price of silver rise above 5s. 6d. an ounce.

This arrangement was censured in the debates on the resumption of cash-payments in 1819. It was contended that the over-valuation of silver with respect to gold would make debtors use it in preference in discharging their debts, and that the gold coins would be melted or exported. The result has shown that this opinion was erroneous. Debtors cannot discharge their debts by silver payments; for, as seen above, it is legal tender for 40s. only; and no creditor can be compelled, or would be disposed to take it in payment of a larger debt, except at its real value.[1]

In the 18th of Edward III., the period when we begin to have authentic accounts of the gold coinage, a pound troy of gold bullion was coined into florins, of the value of £15. Of this sum only £13, 16s. 6d. was given to the party who brought the bullion to be coined, £1, 3s. 6d. being retained

[1] Those who wish for a farther elucidation of this subject, may refer to Mr Mushet's evidence in the *Appendix to the Lords' Report "on the Expediency of the Banks resuming Cash-payments,"* where it is discussed at great length, and in a very able manner.

as seignorage, of which 3s. 6d. went to the master, and £1 to the king. But it appears, from the mint indentures, that the seignorage on the coinage of nobles for the same year, amounted to only 8s. 4d. And, from this remote period to the accession of the Stuarts, with the exception of the coins issued in the 4th and 5th Edward IV., and the 34th, 36th, and 37th Henry VIII., the total charge of coining a pound weight of gold bullion seldom exceeded 7s. or 8s. money of the time. In the 2d James I., a pound weight of gold bullion was coined into £40, 10s.; a seignorage of £1, 10s. being deducted; 6s. 5d. of which went to the master, and £1, 3s. 7d. to the crown. The seignorage on gold was remitted at the same time (18th Charles II.) with the seignorage on silver, and has not since been revived.[1]

It appears from the official accounts, that the immense sum of £90,029,764 was coined at the mint into gold coins between the years 1816 and 1847, both included. If we estimate the cost of this coinage, including the loss on the old worn coins, brought to the mint to be recoined, at 12s. per cent., it will amount to about £540,000. But had a low seignorage of 2 per cent. been charged during this period, two-thirds, probably, of this immense coinage would have been rendered unnecessary; at the same time that it would have yielded a revenue of nearly 1½ per cent. on the sums that were coined.

For some years past, there has been a very extensive demand for sovereigns and half-sovereigns,[2] which, being obtained free of all charge, fresh from the mint, are exported or melted, as the case may be. It is needless, after what has been previously stated, to dwell at any greater length on the futility of this practice. It is the sieve of the Danaids over again. We might, on the same principle, supply natives and foreigners with plate *ad libitum* at the price of the bullion, making them

[1] In the tables annexed to this article, the reader will find a detailed account of the amount of the seignorage and its fluctuations in different periods.

[2] At present (1852), this demand is greater than usual, in consequence of the large exports of coin to Australia.

a present of the workmanship. Whatever may be thought of the policy of making coins yield a revenue, there can be no reasonable doubt that they should, at all events, be charged with the expense of coinage.

As the regulation of the seignorage, when it did exist, depended entirely on the will of the sovereign, we need not be surprised at the variations in its amount, or that it should have fluctuated according to the necessities and caprices of succeeding princes. It was, indeed, hardly possible that it should have been otherwise. Our ancestors were ignorant of the principle, by a strict adherence to which the imposition of a considerable seignorage can alone be rendered advantageous. They considered it as a tax which might be increased and diminished at pleasure. And, far from taking any steps to limit the quantity of coin in circulation, so as to maintain its value, they frequently granted to corporate bodies, and even to individuals,[1] the privilege of issuing coins, not subject to a seignorage. No wonder, therefore, that it should have been considered as a most unjust and oppressive tax, and that its abolition should have been highly popular.

Besides the revenue arising from the seignorage, our kings formerly derived a small revenue from the *remedy* or *shere*. It being found impossible to coin money corresponding in every particular, of weight and purity, with a given standard, a small allowance is made to the master of the mint, whose coins are held to be properly executed, provided their imperfections, whether on the one side or the other, do not exceed this allowance, or remedy. Its amount, from the reign of Edward III. down to 1816, was generally about one-eighth part of a *carat*, or 30 grains of pure gold per pound of gold bullion, and two pennyweight of pure silver per pound of standard silver bullion. In 1816, the remedy for gold coins

[1] Ruding's Annals of the Coinage, vol. i. p. 185. When the right of seignorage was abolished, there was a pension, payable out of the profits derived from it, granted under the great seal, for twenty-one years, to Dame Barbara Villiers, which the legislature ordered to be made good out of the coinage duties imposed by that act. (See Ruding, *in loco citato*, and Leake's Historical Account of English Money, 2d edit., p. 356.)

was fixed at 12 grains per pound in the weight, and 15 grains per do. in the fineness; that for silver being, at the same time, reduced a half.

It does not appear that our princes derived any considerable advantage from the *remedy* previously to the reign of Elizabeth. But she, by reducing the master's allowance for the expense of coinage from 1s. 2d. to 8d., obliged him to come as near as possible to the lowest limit allowed by the remedy. Had the coins been delivered to those who brought bullion to the mint by weight, the queen, it is plain, would have gained nothing by this device. But, in the latter part of her reign, and the first seventeen years of that of her successor, James I., they were delivered by *tale*, so that the crown saved, in this way, whatever additional sum it might otherwise have been necessary to pay the master for the expenses of coinage. In the great recoinage in the reign of William III., the profit arising from the remedy amounted to only 8s. on every hundred pounds weight of bullion; and the coinage is now conducted with so much precision, and the coins issued so near their just weight, that no revenue is derived from this source.

The continental princes have, we believe, without any exception, charged a seignorage on the coinage of money. In France, this duty was levied at a very early period. By an ordonnance of Pepin, dated in 755, a pound of silver bullion is ordered to be coined into twenty-two pieces, of which the master of the mint was to retain *one*, and the remaining twenty-one were to be delivered to the merchant bringing the bullion to the mint.[1] There are no means of ascertaining the amount of the seignorage taken by the successors of Pepin, until the reign of Saint Lonis (1226-1270), who coined the *marc* of silver into 58 sols, while he only delivered 54 sols, 7 deniers, to the merchant: at this period, therefore, the seignorage amounted to a sixteenth part of the marc, or to $6\frac{1}{4}$ per cent. It was subsequently increased or diminished without regard to any fixed principle. In the great recoinage in 1726, it amounted, on the gold coin, to $7\frac{5}{16}$ per cent., and to $5\frac{6}{7}$ per

[1] Le Blanc, p. 87.

cent. on silver. In 1729, the mint prices, both of gold and silver, were augmented, and the seignorage on the former reduced to $5\frac{1}{20}$ per cent., and on the latter to $4\frac{1}{8}$ per cent. A farther reduction took place in 1755 and 1771, when the seignorage on gold was fixed at $1\frac{4}{15}$ per cent., and on silver at $1\frac{7}{24}$ per cent.[1] At the Revolution the seignorage was converted into a brassage, being reduced nearly to the expense of coinage.

SECT. IV.—Expense of a Currency consisting of the Precious Metals.

A moderate seignorage has but an inconsiderable effect in reducing the expense of a metallic currency. This, which is much greater than is generally imagined, is not occasioned by the coinage, which is comparatively trifling, but by the value of the gold and silver vested in coins. If, for example, the currency of the United Kingdom consisted wholly of gold, it would amount to at least sixty millions of sovereigns; and if the customary rate of profit were 6 per cent., it would cost £3,600,000 a-year: for were this sixty millions not employed as money, it would be employed in branches of industry in which, besides affording wages to numerous individuals, it would yield 6 per cent., or £3,600,000 a-year, nett profit to its possessors. And this is not the only loss. The sixty millions would not merely be withheld from the great work of production, and the country deprived of the revenue derived from its employment, but it would be perpetually diminished. The wear and tear of coins is by no means inconsiderable; and supposing the expenses of the coinage were defrayed by a moderate seignorage, the deficiency in the weight of the old worn coins, on their being called in

[1] Necker, "Administration des Finances" (tom. iii. p. 8).—Dr Smith has stated ("Wealth of Nations," p 21), on the authority of the "Dictionnaire des Monnoies," of Abot de Bazinghen, that the seignorage on French silver coins, in 1775, amounted to about eight per cent. The error of Bazinghen has been pointed out by Garnier, in his translation of the "Wealth of Nations."

to be recoined, falls on the public. There is, besides, a constant loss from shipwreck, fire, and other accidents. When due allowance is made for these causes of waste, it may not, perhaps, be too much to suppose, that a country, which had sixty millions of gold coins in circulation, would have annually to import and coin the hundredth part of this sum, or £600,000, to maintain its currency at its proper level.

Thus it appears that, were the customary rate of profit in the United Kingdom 6 per cent., it would cost £4,200,000 a-year to maintain sixty millions of gold coins in circulation. A reduction of the rate of profit would no doubt proportionally reduce the amount of this expense; but the reduced expense might still bear the same proportion to the total income of the country that the higher expense did, and if so, the cost of the currency would not be at all diminished. The case of France furnishes a striking example of the heavy charges attending the general use of a metallic currency. The gold and silver currency of that kingdom has been estimated by M. Fould at 2,200 millions fr., and by others at 2,500 millions.[1] Now, supposing the lowest estimate to be the more correct, and taking the rate of profit at 6 per cent., this currency must cost France a hundred and thirty-two millions fr. a-year, exclusive of the wear and tear and loss of the coins, which being taken, as before, at the hundredth part of the entire mass, will make the whole annual expense amount to a hundred and fifty-four millions fr., or to about *six millions* sterling. This heavy expense forms a very material deduction from the advantages resulting from the use of a currency consisting entirely of the precious metals, and has doubtless been the chief cause why all civilised countries have endeavoured to fabricate a portion of their money of less valuable materials. It has not, however, been the only cause. It is obvious, were there nothing but coins in circulation, that the conveyance of large sums from place to place would be a very laborious process; and that even small sums could not be conveyed without considerable difficulty. Of the substitutes, calculated alike to

[1] Chevalier de la Monnaie, p. 326.

save expense and to lessen the cost of carriage, paper is in every respect the most eligible, and has been by far the most generally adopted. By using it instead of gold, we substitute the cheapest for the most expensive currency; and enable the society to exchange all the coins which the use of paper renders superfluous, for raw materials, or manufactured goods, by the use of which its wealth and enjoyments are increased. It is also transferred with the utmost facility. Hence, since the introduction of bills of exchange, most great commercial transactions have been adjusted by means of paper only; and it also is used to a very great extent in carrying on the ordinary business of society.

Sect. V.—Paper Money. Principle on which its Value is Maintained.

In the earliest periods, subsequent to the invention of writing, the pecuniary engagements of individuals would be written on some sort of material. This secures alike the debtors and creditors; and obviates most part of the differences which are so very apt to arise when the terms of contracts are not distinctly specified. But a very short time only would elapse before individuals, having the written obligations of others in a portable form, would begin to transfer them to their debtors. And, after the advantages derivable from their employment in this way had been ascertained, it was an obvious source of emolument for persons, in whose wealth and discretion the public had confidence, to issue their obligations to pay certain sums, in such a form as might fit them for performing the functions of a circulating medium. None would refuse to accept as money the promissory notes or obligations of individuals of large fortune, and of whose solvency no doubt could be entertained. And as full value must be originally given for these notes, it is clear that, whilst their continuance in circulation is no loss to the public, it is a source of profit to the issuers.

Suppose, for example, that a merchant issues a promissory

note for £1,000: Previously to putting it in circulation, he will have received an equivalent in money, or in some sort of produce; or, which is by far the most common case, he will have advanced it to an individual who has given him security for its repayment with interest. In point of fact, therefore, the issuer has exchanged his promise to pay £1,000 for the interest to be derived from a real capital of that amount; and so long as the promissory note, the intrinsic worth of which cannot well exceed a sixpence, remains in circulation, he will, supposing interest to be 5 per cent., receive from it a revenue of £50 a-year. The business of bankers who issue notes is conducted on this principle. They could make no profit were they obliged to keep dead stock or bullion in their coffers, equal to the amount of their notes in circulation. But if they be in good credit, a fourth or a fifth part of this sum will perhaps be sufficient; and their profits, after the expenses of their establishments, including the manufacture of their notes, are deducted, will be measured by the excess of the profit derived from their notes in circulation, over what they might derive from the employment of the stock kept in their coffers to meet the demands of the public. "A bank would never be established, if it obtained no other profits but those derived from the employment of its own capital: its real advantage commences only when it employs the capital of others."[1]

No means having been devised to limit the supply of promissory notes issued by private individuals, their value, it is plain, could not be maintained if the issuers fell into discredit, or were relieved from their promise to pay them. But it is otherwise with promissory notes issued by the state, or by a company acting under its control. The quantity of such notes may be effectually limited. And we have seen that, when this is the case, intrinsic worth is not necessary to a currency, and that, by properly regulating the supply of paper declared to be legal tender, its value may be sustained on a par with gold or any other commodity.

A limitation of this sort sustained Bank of England paper

[1] Ricardo, "Proposals for an Economical and Secure Currency," p. 87.

at a variable value in the interval between the passing of the restriction act in 1797, and the resumption of bullion payments in 1820. And no rational explanation of this phenomenon, which is entirely at variance with the old theories of paper money, can be given on any other principle. The fact of their being more or less depreciated creates no indisposition on the part of the public to apply to banks whose notes are legal tender. Applicants for loans are indifferent whether the issuers of paper have, by issuing in excess, depressed its value relatively to gold, or whether they have restricted the supply so as to keep it on a level with that metal. These circumstances affect those whose incomes do not vary with variations in the value of money; but, inasmuch as prices rise and fall with its increase or diminution, they have little influence over merchants, who are the principal demanders of discounts. The presenter of a bill for £500 or £1,000 to a bank, has received it, if it have arisen out of a real commercial transaction, in lieu of goods which, at the then value of money, were worth £500 or £1,000; and it is this sum which, by presenting the bill to the bank, he wishes to obtain. If the value of money had been different, the price of the goods, and consequently the sum in the bill, would also have been different. It is to this market value of money at the time, that attention is exclusively paid in commercial transactions. When Bank of England paper was depressed through excess, in 1809–1814, from 10 to 25 per cent. below the value of bullion, the circumstance of its being enacted, that it should be paid in cash at the restoration of peace, had as little effect in raising its value, as its depreciation had in diminishing the applicants for discounts. The truth is, that individuals never resort to a bank for paper money, unless they have immediate occasion for it. As soon as it has been obtained, they throw it upon the market, for whatever it will bring. And as they purchased it on the same terms (for the value of money is hardly ever sensibly affected in the interval between the discount of a bill and the period when it becomes due), they generally get as much for it, and perhaps more, than it cost. We shall immediately explain what constitutes the natural

limit to applications for discounts; but enough has been said to show, that it has nothing to do with the convertibility of notes into cash.

Those who offer accommodation bills for discount, like those who offer real bills, consider only the present value of money. They immediately employ the proceeds in the purchase of commodities or services, or in the payment of debts; and whether one pound notes be worth 10s. or 20s. is of no consequence to them, inasmuch as the amount of the bill is regulated accordingly.

That country bank notes cease to circulate as soon as any suspicion is entertained of the solvency of their issuers, is nowise inconsistent with these statements. They bear to be exchangeable, at the pleasure of the holder, for Bank of England notes. But from the restriction in 1797 down to 1820, the latter not being exchangeable for anything else, took the place of coin, and became the standard of value. Hence, when a country bank lost credit, the circulation of its notes was stopped, from its being believed that it would be impossible to obtain Bank of England paper in their stead; or, in other words, that they would not exchange for that description of paper which constituted the real medium of exchange. But it is impossible that this paper should itself be affected by a want of credit. Every one knew that it had no intrinsic worth. And, as already shown, its value was regulated (and must, whenever it is not made exchangeable for a given quantity of some other commodity, continue to be regulated) by the amount in circulation.

It appears, therefore, that if there were perfect security, that the power of issuing paper money would not be abused; that is, if there were perfect security for its being issued in such quantities, as to preserve its value relatively to the mass of circulating commodities nearly equal, the precious metals might be dispensed with, not only as a circulating medium, or *marchandise banale*, but also as a standard to which to refer the value of paper.

Unfortunately, however, no such security can be given. This is a point respecting which there can be no difference of

opinion. The history of this and all other countries, shows that the power of making unrestricted issues of paper money has never been entrusted to any man, or set of men, without being abused; that is, without its being issued in inordinate quantities. If a private banking company have power to supply the state with paper, to suppose that they should exert themselves to sustain its value on a par with gold, by carefully limiting their issues, would be equivalent to the not very reasonable supposition, that they should be attentive only to the public interests, and have little or no care of their own private advantage. The re-enactment of the restriction act, would have no influence over the value of paper, provided its quantity were not at the same time increased. But who can doubt that, in such circumstances, it would be increased? Such a measure would enable the Bank of England to exchange bits of engraved paper, not worth perhaps five shillings a-quire, for as many, or the value of as many, hundreds of thousands of pounds. And is it to be supposed, that the directors and proprietors should not avail themselves of such an opportunity to amass wealth and riches? If government enable a private gentleman to exchange a scrap of paper for an estate, will he be deterred from doing so by any considerations about its effect on the value of the currency? In Utopia we might, perhaps, meet with an individual influenced by such scruples, but if we expect to find him in England, we shall most likely be disappointed. It is quite essential that the issuers of paper money should be placed under some check or control. And the comparatively steady value of the precious metals, at once suggests that none can be so effectual as to lay them under the obligation of exchanging their notes, at the pleasure of the holders, for given and unvarying quantities of gold or silver.

It has, however, been contended, that there is a material difference between paper issued by government in payment of its debts, and that which is issued by private banking companies in discount of good bills. In regard to the former, it is admitted on all hands that it may be issued in excess; but in regard to the latter, it has been strenuously urged that

"notes issued only in proportion to the demand, in exchange for good and convertible securities, payable at specific periods, cannot occasion any excess of the circulation, or any depreciation." As all the statements advanced by those who argued that our paper currency was not depreciated between 1797 and 1819, involve this principle, it may be worth while to examine it a little minutely.

In the first place, it may be observed, that the demand for discounts does not depend on the nature of the security required for their repayment, but on the rate of interest for which they may be obtained, compared with the ordinary rate of profit made by their employment. If an individual can borrow £1,000, £10,000, or any greater sum, at 3, 4, or 5 per cent., and if he can realise 4, 5, or 6 per cent., or upwards, by its employment, it is evidently for his interest, and it would be for the interest of every other person similarly situated, to borrow to an unlimited extent. And banking companies, relieved from all obligation to pay their notes in cash, and not, of course, obliged to keep any unproductive stock or bullion in their coffers, would be able to issue their notes at the lowest possible rate of interest; and the demand for their paper would, therefore, be proportionally great.

"The interest of money," says Mr Ricardo, "is not regulated by the rate at which the Bank of England will lend, whether it be 5, 4, or 3 per cent., but by the rate of profit which can be made by the employment of capital, and which is totally independent of the quantity or of the value of money. Whether the bank lent one million, ten millions, or a hundred millions, they would not permanently alter the market rate of interest; they would alter only the value of the money which they thus issued. In one case, ten or twenty times more money might be required to carry on the same business than what might be required in the other. The applications to the bank for money, then, depend on the comparison between the rate of profit that may be made by the employment of it, and the rate at which they are willing to lend it. If they charge less than the market rate of interest, there is no amount of money

which they might not lend; if they charge more than that rate, none but prodigals and spendthrifts would be found to borrow of them. We accordingly find, that when the market rate of interest exceeds the rate of 5 per cent., at which the bank uniformly lends, the discount office is besieged with applicants for money; and, on the contrary, when the market rate is even temporarily under 5 per cent., the clerks of that office have no employment."[1]

From 1809 to 1815 inclusive, the period in which the value of paper relatively to gold was lowest, the market rate of interest considerably exceeded the rate of 5 per cent., which was then charged by the Bank of England and most country banks. Although, therefore, the amount of paper currency had, in that interval, been very much increased, the applicants for fresh discounts continued as numerous as ever. And had the Bank directors not been apprehensive that, ultimately, they might have to pay their notes in specie, there can be little doubt that the numbers of them in circulation would have been materially greater. Such, at least, would have been the case, had the directors acted to the full extent of their avowed opinion, that it was impossible to reduce the value of paper, by engrossing into the circulation such quantities as were issued in discount of good bills. The wants of commerce are altogether insatiable. Inconvertible paper money, provided the rate of interest at which bills are discounted be less than the market rate, can never be too abundant. As long as this is the case, million after million may be thrown upon the market. The value of the currency may be so reduced as to require a one pound note to purchase a quartern loaf; but the circumstance of its value being diminished in proportion to the increase of its quantity, would render the demand for additional supplies as great as ever.

Were the Bank of England in possession of a process whereby she could produce sovereigns with the same facility as notes, there could be no question that she might depreciate the value of gold, by making large issues of what was produced at so

[1] Principles of Political Economy, p. 511.

very little cost. Now, in what respect would this fictitious case differ from the real situation of the Bank, were the restriction act renewed and made perpetual? She would then be able, without let or hindrance, to exchange paper for landed property, manufactured goods, government securities, etc. But we have seen that the value of this paper, like the value of gold in the hypothetical case, depends entirely on the proportion which the supply bears to the demand. And as the demand is not affected by an increase of quantity—for that increase, by diminishing its value, renders the larger quantity of as little efficacy as the smaller—it is abundantly clear, provided the Bank lent at a sufficiently low rate of interest, that there could be no limit to her issues.

On the whole, therefore, whether the power to issue paper be vested in a private company or in government, it is plain, it should be placed under some efficient control, such as the obligation to pay in gold or silver. It is easy to discover the manner in which a check of this kind limits the issue of paper and sustains its value. Whenever the Bank has issued so much paper as to sink its value relatively to bullion, its notes begin to return upon it, to be exchanged for a higher value; and the Bank is obliged, to prevent the exhaustion of its coffers, to contract its issues, and raise its paper to a level with gold. An extremely small profit, or an extremely small depreciation of paper, as compared with gold or silver, is sufficient to make the holders of bank paper send it to be exchanged for these metals; and hence the value of bank notes, convertible at pleasure into an unvarying quantity of gold or silver, can never differ considerably from its value. The issues of the Bank of England were, for more than a century previously to 1797, limited in the manner now explained; and, during that whole period, they were hardly ever depreciated $\frac{1}{4}$ per cent., and never more than 2 per cent., and that but for a few days only.

But though it be thus necessary to avert injurious fluctuations in the value of paper, that it should be made exchangeable at the pleasure of the holder for gold or silver, it is not essential to this end that it should be made exchangeable

for gold or silver coins. Previously to the resumption of specie payments by the Bank of England in 1821, she was obliged to give bars of assayed bullion in exchange for notes, according to a plan suggested by Mr Ricardo. And there can be no doubt that this obligation would have sustained the value of paper quite as effectually as it is sustained by the obligation to pay in coin of the legal weight and purity, at the same time that it would have saved the greater part of the heavy expense occasioned by the use of metallic money. But, how important soever, these were not the only considerations that had to be attended to. The discovery of means for the prevention, or at least diminution, of the forgery to which the substitution of notes for guineas had given rise, was indispensable to the maintenance of Mr Ricardo's plan; and, notwithstanding all the efforts that have been made, this desideratum has not yet been supplied. Forgery in the larger description of notes, or in those for £5 and upwards, may, with due precaution, be prevented from becoming injuriously prevalent. But low notes, or those of the value of £1 or £2, having to circulate amongst the labouring classes, and in immense numbers, present facilities for the issue of spurious paper, which it has been found impossible materially to diminish. Hence, in 1821, the plan of paying in bars of bullion was abandoned, and the Bank of England recommenced paying in specie.

Sect. VI.—Whether Gold or Silver should be adopted as the Standard of the Currency, or whether it should consist of both.

As the values of gold and silver perpetually vary, not only relatively to other things, but also relatively to each other, it is impossible arbitrarily to fix them by mint regulations. Gold may now, or at any given period, be to silver as 13, 14, or 15 to 1; but were sovereigns and shillings coined in that proportion, the discovery of a gold or silver mine of more than the ordinary degree of productiveness, or the discovery of any abridged

process by which labour might be saved in the production of one of the metals, would disturb this proportion. And as soon as the mint valuation of the two metals ceases to correspond with that which they bear in the market, it becomes the interest of debtors to satisfy all claims upon them in the over-valued metal, which, consequently, is alone used in all considerable transactions.

The regulations under which gold and silver coins circulated in England previously to 1663, differed at different periods. In that year the guinea was first coined; and its value (though fixed by the mint regulations at the low rate of 20s. in silver), and the values of the other gold coins then in circulation, varied according to the fluctuations in the market values of gold and silver, the latter being in effect the only legal tender. But, from a variety of causes—the principal being, perhaps, the extremely unsatisfactory state of the silver coin, gold began, in the reign of Charles II., to be used in preference to silver in large payments. Previously to the great recoinage of silver in the reign of William III. (1696-1699), the silver coins were so much worn and degraded, that the guinea passed current at from 28s. to 30s. After the recoinage, its value was very generally estimated, without any interference on the part of government, at 21s. 6d.; a valuation which was equivalent to a premium of 10d. in its favour, it being really worth only about 20s. 8d. of the new silver coins.

In consequence of this marked, though unintentional, preference of gold, the silver coins shortly began to be largely exported; and, to stop their exportation, the value of the guinea was reduced, by proclamation in 1717, from 21s. 6d., at which it had been fixed by custom, to 21s., both metals being made legal tenders in that proportion, or in the ratio of 1 lb. gold to $15\frac{285}{1364}$ lbs. silver. But notwithstanding this reduction, which was made pursuant to the advice of Sir Isaac Newton, the guinea was still over-valued as compared with silver. This excess was estimated at the time as being at least 4d. in the guinea, or $1\frac{19}{31}$ per cent.;[1] and as the value of silver compared

[1] Liverpool on Coins, pp. 68-85.

with gold continued to increase for the greater part of last century, it afterwards became considerably greater; and this circumstance rendered it, as already stated, more and more the interest of all parties to pay in gold rather than in silver. Hence gold became in practice the only legal tender. And during the lengthened period from 1717 down to 1816, no silver coins of the legal weight and purity would remain in circulation, but were either melted down, or exported to other countries, where they passed at their full value. In consequence, the silver currency consisted entirely of light, worn coins. But as it existed only in a limited quantity, it did not, according to the principle already explained, sink in its current value. Though degraded, it was still the interest of debtors to pay in gold. If, indeed, the quantity of debased silver had been very great, or if the mint had issued debased pieces, it might have been the interest of debtors to pay in such debased money; but its quantity being limited, it sustained its value, and gold was really the standard of the currency.

The mint regulations issued in 1717, continued in full force down to 1774, when it was enacted by the 14 Geo. III., cap. 42, that silver coins should not be legal tender by tale for more than £25 in any one payment, but that standard silver should be legal tender to any amount in weight at the mint price of 5s. 2d. an ounce.[1] This act had not, however, as some have supposed, any effect in causing the general employment of gold as money in preference to silver. For, to use the words of Mr Ricardo, "it did not prevent any debtor from paying any debt, however large its amount, in silver currency fresh from the mint. That the debtor did not pay in this metal was not a matter of chance, nor a matter of compulsion, but wholly the effect of choice. It did

[1] Being intended as an experiment, this act was limited to the 1st May 1776. But not being found to be productive of any inconvenience, it was prolonged by other temporary acts. It was, however, suffered accidentally to expire in 1783, and was not renewed till fifteen years after, in 1798. And yet, despite the extremely degraded state of the silver coin, very few instances occurred during this lengthened period of its being offered in payment of any considerable sum.

not suit him to take silver to the mint, but it did suit him to take gold hither. It is probable that if the quantity of this debased silver in circulation had been enormously great, and also a legal tender, that a guinea would have been, as in the reign of William III., worth thirty shillings; but it would have been the debased shilling that had fallen in value, and not the guinea that had risen."[1]

In France, a different valuation of the precious metals produced a different effect. The louis d'or, which, previously to the recoinage of 1785, was rated in the mint valuation at 24 livres, was really worth 25 livres 10 sols. Those, therefore, who chose to discharge the obligations they had contracted, by payments of gold rather than of silver, plainly lost 1 liv. 10 sols on every sum of 24 livres. In consequence, very few such payments were made, gold was nearly banished from circulation, and the currency of France became almost entirely silver.[2] In 1785, a sixteenth part was deducted from the weight of the louis d'or, and since that period the value of the precious metals, as fixed in the French mint, has more nearly corresponded with the proportion which they bear to each other in the market. Indeed, it was stated, in evidence before a committee of the House of Commons in 1819, that the difference between the mint and market proportions of gold and silver at Paris in 1817 and 1818, had not exceeded from one-tenth to one-fourth per cent. There is, however, no reason to presume that this coincidence, which must have been in a great degree accidental, can long be maintained under any arbitrary system. To ensure the indifferent use of gold and silver coins in countries where they are both legal tender, their mint values would require to be every now and then adjusted, so as to correspond with their real values. But as this would obviously be productive of much trouble and inconvenience, the preferable plan undoubtedly is to make only one metal legal tender, and to allow the worth of the other to be adjusted by the competition of the sellers and buyers.

The absurdity of employing two metals as legal tender, or

[1] Principles of Political Economy, p. 520. [2] Say, i. p. 393.

as a standard of value, was unanswerably demonstrated by Locke and Harris, and has been noticed by every subsequent writer. But so slow is the progress of improvement, that it was not till 1816 that it was enacted that gold should be in law, what it had long been in fact, the only legal tender for sums of 40s. and upwards. From that period, silver has been a mere subsidiary currency, used only in small payments.

Whether, however, gold should have been adopted as the standard of exchangeable value, in preference to silver, is a question not so easy of solution, and on which there has been a great diversity of opinion. Locke, Harris, and Ricardo, are of opinion that silver is better fitted than gold for a standard; whilst Smith, though he has not explicitly expressed himself, appears to think that gold should be preferred. This latter opinion has been supported by Lord Liverpool, in his very valuable work "On the Coins of the Realm." And his reasonings having received the approbation of Parliament, and gold having been made legal tender, all attempts to alter this arrangement ought to be opposed.

The late extraordinary increase in the supply of gold has led many persons to anticipate great inconvenience from the fall which may be expected to take place in its value. But, supposing that this fall should, as appears most probable, take place in the end, there is no ground for concluding that it will be brought about otherwise than by slow degrees; and if so, it will not occasion any injurious disturbance. About 140 or 150 years elapsed from the discovery of America before the influx of bullion from the new into the old world produced its full effect. And it is doubtful, considering the vastly increased field for the employment of gold and silver, whether the supplies from Siberia, California, and Australia, will speedily exercise any very material influence. We have elsewhere shown that a gradual fall in the value of gold would, in a public point of view, be highly advantageous.[1]

Whether gold or silver be adopted as the standard of the currency, does not affect its total cost or value: for, the

[1] Treatise on Taxation. Part II. c. 11.

quantity of metal employed as money, or the quantity of metal for which paper is the substitute, is always inversely as the value or cost of such metal. When gold is the standard, fourteen or fifteen times less of it than of silver is required; or, which is the same thing, if the denomination of a pound be given to any specific weight of gold or silver, fourteen or fifteen times more of such silver pounds will be required to serve as currency, fourteen or fifteen to one being about the proportion which gold bears in value to silver. Hence the expense of a gold or silver currency is identical. Gold being too valuable, in proportion to its bulk, to be coined into pieces of the value of a shilling or a sixpence, the subsidiary currency necessary in small payments, should be over-valued, and issued only in limited quantities, as is the case with the present silver coinage.

Were a seignorage charged on the gold coins, paper, it is obvious, might be depreciated to its extent, before it would be the interest of the holders to demand coin for the purpose of exportation, and consequently before the check of specie payments would begin to operate. But, even with a seignorage, all risk of paper being depreciated, might be obviated by making it obligatory on the Bank to pay their notes, either in bullion, at the mint price of £3, 17s. 10½d. an ounce, or coin, at the pleasure of the holder. A regulation of this kind could not be justly considered as imposing any hardship on the Bank; for no bullion would be demanded from her, except when, by the issue of too much paper, its value had been sunk below the standard.

SECT. VII.—Standard of Money. Degradation of the Standard in Rome, France, Great Britain, and other countries. Effects of this degradation.

By the standard of money is meant the degree of the purity or fineness of the metal of which coins are made, and the quantity or weight of such metal in them. A pound troy, or twelve ounces, of the metal in English silver coins, contains

11 ounces 2 dwts. fine silver, and 18 dwts. alloy. And this standard pound, or pound sterling, is coined into 66 shillings; which, consequently, contain $\frac{20}{66}$ parts of $\frac{11}{12}$ of a pound troy, or 1614·545 grains *fine* silver. From the 43 of Elizabeth down to 1816, when the 56th Geo. III. cap. 68, imposing a seignorage of about six per cent. on the silver coin, was passed, the pound weight of standard silver bullion was coined into 62 shillings. All English silver coins have been coined out of silver of 11 oz. 2 dwts. fine, from the Conquest to this moment, excepting for a period of sixteen years, from 34th Henry VIII. to the 2d Elizabeth.

The purity of gold is not estimated either in Great Britain, or in most other European countries, by the weights commonly in use, but by an Abyssinian weight called a *carat*.[1] The carats are subdivided into four parts, called grains, and these again into quarters; so that a *carat grain*, with respect to the common divisions of a pound troy, is equivalent to $2\frac{1}{2}$ penny-weights. Gold of the highest degree of fineness, or pure, is said to be 24 carats fine. When gold coins were first struck at the English mint, the standard of the gold in them was 23 carats $3\frac{1}{2}$ grains fine, and $\frac{1}{2}$ grain alloy; and so it continued without any variation to the 18th Henry VIII., when a new gold standard of 22 carats fine, and two carats alloy was introduced. The first of these was called the old standard; the second, the new standard or crown gold, because crowns, or pieces of the value of five shillings, were first coined of this new standard. Henry VIII. made his gold coins of both standards; and this practice was continued by his successors till 1633. From the latter period to the present, gold coins have been invariably of the new standard, or crown gold. Some coins of the old standard continued to circulate till 1732, when they were forbidden to be any longer current.[2]

[1] The carat is a bean, the fruit of an Abyssinian tree, called Kuara. This bean, from the time of its being gathered, varies very little in its weight, and seems to have been in the earliest ages, a weight for gold in Africa. In India it is used as a weight for diamonds, &c. (Bruce's *Travels*, vol. v. p. 66.)

[2] Liverpool on Coins, p. 27.

The standard of our present gold coins is, therefore, eleven parts of fine gold, and one part of alloy. The pound troy of such gold is divided into $46\frac{89}{129}$ sovereigns, each of which ought, consequently, when fresh from the mint, to weigh $\frac{1}{46\frac{89}{129}}$ of twelve ounces, or five dwts. $3\frac{171}{623}$ grains standard gold, or four dwts. $17\frac{18}{11,214}$ grains pure gold.

The alloy in coins is reckoned of no value. It is allowed, to save the trouble and expense that would be incurred in refining the metals so as to bring them to the highest degree of purity; and because, when its quantity is small, it renders the coins harder, and less liable to be worn or rubbed. If the quantity of alloy were considerable, it would lessen the splendour and ductility of the metals, and would add too much to the weight of the coins.

Having thus ascertained what the standard of money really is, we proceed briefly to examine the effects produced by its variation. This is a very important inquiry, both in a practical and historical point of view.

Directly to alter the terms of the contracts between individuals, would be too barefaced and tyrannical an interference with the rights of property, to be tolerated. Those, therefore, who endeavour to enrich one part of society at the expense of another, find it necessary to act with caution and reserve. Instead of changing the stipulations in contracts, they have ingeniously bethought themselves of changing the standard, by which these stipulations are adjusted. They have not said, in so many words, that ten or twenty per cent. should be added to, or deducted from, the debts and obligations of society, but they have, nevertheless, effected this by making a proportional change in the value of money. Men, in their bargains, do not, as has been already seen, stipulate for signs or measures of value, but for real equivalents. Money is not merely the standard by a comparison with which the values of commodities are ascertained; it is, also, the equivalent, by the delivery of a specified amount of which the stipulations in most contracts and engagements may be discharged.

It is plain, therefore, that it cannot vary without affecting these stipulations. Every addition to its value makes a corresponding addition to the debts of the state, and of individuals; whereas every diminution of its value makes a corresponding diminution of these debts. Suppose that, owing to an increase in the cost of gold and silver, or in the quantity of bullion contained in coins of the same denomination, the value of money is raised ten per cent.: it is plain that this will add ten per cent. to the various sums which one part of society owes to another. Though the nominal rent of the farmer, for example, continues stationary, his real rent is increased. He pays the same number of pounds, or livres, or dollars, as formerly; but these have become more valuable, and require to obtain them the sacrifice of a tenth part more corn, labour, or other things, the value of which has remained stationary. On the other hand, had the value of money fallen ten per cent., the advantage would have been wholly on the side of the farmer, who would have been entitled to a discharge from his landlord, when he had paid him only nine-tenths of the rent really bargained for.

But, though it be thus obviously necessary, to prevent a pernicious subversion of private fortunes, and the falsifying of all precedent contracts, that the standard of money, when once fixed, should be maintained inviolate, there is nothing which has been so frequently changed. We do not now allude to variations in the value of bullion itself, against which it is impossible to guard, but to variations in the quantity of bullion contained in the same nominal sums of money. In almost every country, debtors have been enriched at the expense of their creditors. The necessities, or the extravagance of governments, have forced them to borrow. And to relieve themselves of their encumbrances, they have almost universally had recourse to the disgraceful expedient of degrading or enfeebling the coin; that is, of cheating those who had lent them money, and of enabling every private debtor in their dominions to do the same by his creditors.

The ignorance of the public in remote ages facilitated this variety of fraud. Had the names of the coins been changed

when the quantity of metal contained in them was reduced, there would have been no room for misapprehension. But, though the weight of the coins was undergoing perpetual, and their purity occasional, reductions, their ancient denominations were almost uniformly preserved. And those who saw coins of a certain weight and fineness circulate under the names of florins, livres, and pounds, and who saw them continue to circulate as such, after both their weight and their fineness had been lessened, began to think that they derived their value more from the stamp affixed to them by authority of government, than from the quantity of the precious metals which they contained. This was long a very prevalent opinion. But the rise of prices which invariably followed every reduction of the standard, and the disturbance which it occasioned in every pecuniary transaction, undeceived the public, and taught them, though it may not yet have taught their rulers, the expediency of preserving the standard of money inviolate.

Before proceeding to notice the changes made in the currency of this and other countries, it may be proper to observe, that the standard is generally debased in one or other of the undermentioned ways.

First, by altering the denominations of the coins, without making any alteration in their weight or purity. Thus, suppose sixpence, or as much silver as there is in a sixpence, were called a shilling, then a shilling would be two shillings, and twenty of these shillings, or ten of our present shillings, would make a pound sterling. This would be a reduction of fifty per cent. in the standard.

Secondly, the standard may be reduced, by continuing to issue coins of the same weight, but making them baser, or with less pure metal and more alloy.

Thirdly, it may be reduced by making the coins of the same degree of purity, but of diminished weight, or with less pure metal; or it may be reduced partly by one of these methods, and partly by another.

The first of these methods of degrading the standard was recommended by Mr Lowndes in 1695; and if injustice is to be done, it is, on the whole, the least mischievous mode in

which it can be perpetrated. It saves all the trouble and expense of a recoinage; though, as it renders the fraud too obvious, it has been but seldom resorted to. But in inquiries of this kind, it is rarely necessary to investigate the manner in which the standard has been degraded. And by its reduction or degradation, is usually meant a diminution of the quantity of pure metal contained in coins of the same denomination without regard to the mode in which it may have been effected.

Conformably to what has been observed in the first section of this treatise, relative to the universality of the ancient practice of weighing the precious metals in every exchange, it is found that the earliest coins of most countries had the same names and were of the same ponderosity as the weights commonly used in them. Thus, the *talent* was a weight used in the earliest periods by the Greeks, the *as* or *libra* by the Romans, the *livre* by the French, and the *pound* by the English, Scotch, &c.; and the coins originally in use in Greece, Italy, France, and England, received the same denominations, and weighed a talent, a libra or pondo, a livre, and a pound. The standard has not, however, been preserved inviolate, either in ancient or modern times. But to attempt to trace these changes with any degree of minuteness, would lead us into too many details; and we shall content ourselves with referring to those only which seem to be of most importance.[1]

Roman Money.—We learn from Pliny, that the first Roman coinage took place in the reign of Servius Tullius; that is, according to the common chronology, about 550 years before Christ. The *as*, or *libra*, of this early period, contained a Roman pound of copper, the metal then exclusively used in

[1] For an account of the money of the Greeks, and of the ancients generally, the reader is referred to Raper's "Inquiry into the Value of the Ancient Greek and Roman Money" in the Transactions of the Royal Society for 1771; Pinkerton "On Medals;" Hussey "On Ancient Weights and Money;" and to the various articles on the same subject in Smith's "Dictionary of Greek and Roman Antiquities."

the Roman coinage, and was divided into twelve parts or *unciæ*. If we may rely on Pliny, this simple and natural system was maintained until 250 years before our æra, or until the first Punic war, when the revenues of the state being insufficient, it was attempted to supply the deficiency, by reducing the weight of the as from twelve to two ounces. But it is extremely improbable that a government, which had maintained its standard inviolate for 300 years, should have commenced the work of degradation, by at once reducing it to *a sixth part* of its former amount; and it is equally improbable that so sudden and excessive a reduction should have been made in the value of the current money of the state, and, consequently, in the debts of individuals, without occasioning the most violent commotions. Nothing, however, is said in any ancient writer to entitle us to infer that such really took place; and we, therefore, concur with those who think that the weight of the as had been previously reduced, and that its diminution, which, it is most probable, would be gradual and progressive, had merely been carried to the extent mentioned by Pliny during the first Punic war. In the second Punic war, or 215 years B. C., a further degradation took place, and the weight of the as was reduced from two ounces to one ounce. And by the Papyrian law, supposed to have passed when Papyrius Turdus was tribune of the people, 175 years B. C., the weight of the as was reduced to half an ounce, or to $\frac{1}{24}$th part of its ancient weight, at which it continued till Pliny's time, and long afterwards.[1]

[1] "Servius rex primus signavit æs. Antea rudi usos Romæ Remeus tradit. Signatum est nota pecudum unde et pecunia appellata. . . . . Argentum signatum est anno urbis DLXXXV. Q. Fabio Cos. quinque annos ante primum bellum Punicum. Et placuit denarius prox. libris æris, quinarius pro quinque, sestertium pro dipondio ac semisse. Libræ autem pondus æris imminutum bello Punico primo eum impensis resp. non sufficeret, constitutumque ut asses sextentario pondere ferirentur. Ita quinque partes factæ lucri, dissolutumque æs alienum. . . . . Postea, Annibale urgente, Q. Fabio Maximo Dictatore, asses unciales facti: placuitque denarium xvi. assibus permutari, quinarium octonis, sestertium quaternis. Ita resp. dimidium lucrata est. Mox lege Papyria semunciales asses facti." Plinii, "Hist. Nat.," lib. xxxiij. cap. 3. Lugd. Bat. 1669.

The denarius, the principal silver coin in use amongst the Romans for a period of 600 years, was coined five years before the first Punic war, and was, as its name imports, rated in the mint valuation at ten asses. Mr Greaves, whose dissertation has been deservedly eulogised by Gibbon,[1] shows that the denarius weighed at first only *one-seventh* part of a Roman ounce,[2] which, if Pliny's account of the period when the weight of the as was first reduced be correct, would give the value of silver to copper in the Roman mint as 840 to 1, which Greaves very truly calls a "most unadvised proportion." But if we suppose, with Pinkerton,[3] that, when the denarius was first issued, the as only weighed three ounces, the proportion of silver to copper would be as 252 to 1—a proportion which, when the as was soon afterwards reduced to two ounces, would be as 168 to 1, or about a third more than in the British mint. When, in the second Punic war, the as was reduced from two ounces to one, the denarius was rated at sixteen asses.

During his stay in Italy, Greaves weighed many consular denarii; that is, as he explains himself, denarii which were struck after the second Punic war and previously to the government of the Cæsars; and he found, by frequent and exact trials, that the best and most perfect of them weighed 62 grains English troy weight.[4] Now, as the English shilling (new coinage) contains very nearly $87\frac{1}{4}$ grains standard silver, this would give $8\frac{1}{2}$d. for the value of the consular denarius. We should, however, fall into the greatest mistakes, if we indiscriminately converted the sums mentioned in the Latin authors by this or any other fixed proportion. It is not enough to determine the real value of a coin, to know its weight: the

[1] Decline and Fall, vol. iii. p. 89.

[2] This is, indeed, decisively proved by a passage in Celsus: "Sed et antea sciri volo in uncia pondus denariorum esse septem."—Cels. lib. xv. cap. 17.

[3] Essay on Medals, vol. i. p. 162, edit. 1808.

[4] Greaves' Works, i. 262. The weight of the denarius, as given by other authorities, may be seen in p. 135 of Hussey's excellent "Treatise on Ancient Weights and Money."

degree of its purity, or the fineness of the metal of which it is made, must also be known. But Greaves assayed none of the denarii which he weighed. And though it were true, as most probably it is, that, from the first coinage of silver in the 485th year of the city to the reign of Augustus, the weight of the denarius remained constant at $\frac{1}{7}$th part of a Roman ounce, or about 62 grains; and that, from the reign of Augustus to that of Vespasian, it only declined in weight from $\frac{1}{7}$th to $\frac{1}{8}$th of an ounce;[1] still it is abundantly certain that its real value was reduced to a much greater extent. The authority of Pliny, in this respect, is decisive; for he states that Livius Drusus, who was tribune of the people in the 662nd year of the city, or 177 years after the first coinage of silver, debased its purity, by alloying it with $\frac{1}{3}$th part of copper.[2] And, in a subsequent chapter (the ninth) of the same book, he informs us that Antony the triumvir mixed iron with the silver of the denarius; and that, to counteract these abuses, a law was afterwards made, providing for the assay of the denarii. Some idea of the extent to which the purity of the coins had been debased, and of the disorder which had in consequence been occasioned, may be formed from the circumstance, also mentioned by Pliny, of statues being everywhere erected in honour of Marius Gratidianus, by whom the law for the assay had been proposed. But this law was not long respected; and many imperial denarii are now in existence, consisting of mere plated copper.[3]

Gold was first coined at Rome sixty-two years after silver, in the 547th year of the city, and 204 years B. C. The aureus originally weighed $\frac{1}{40}$th part of the *pondo*, or Roman pound; but, by successive reductions, its weight was reduced, in the reign of Constantine, to only $\frac{1}{72}$nd part of a pound. The purity, however, as well as the weight of the aureus, was diminished. Under Alexander Severus it was alloyed with $\frac{1}{5}$th part of silver. We learn from Dion Cassius, contemporary

[1] Greaves, vol. i. p. 331. Gibbon's Miscellaneous Works, vol. v. p. 71.

[2] Pliny Hist. Nat., lib. xxxiij. cap. 3, previously quoted.

[3] Bazinghen, "Dictionnaire des Monnoies," tom. ii. p. 64.

of Severus, that the aureus was rated at twenty-five denarii, a proportion which Pinkerton thinks was always maintained under the emperors.[1]

The want of attention to this progressive degradation has led the translators of ancient writers and their commentators, to the most erroneous conclusions. The sestertius, or money *unit* of the Romans, was precisely the *fourth* part of a denarius.[2] When, therefore, the latter was worth $8\frac{1}{2}$d., the former must have been worth $2\frac{1}{8}$d. But the sestertius being thus plainly a multiple of, and bearing a fixed and determined proportion to the denarius, and consequently to the as, the aureus, and the other coins generally in use, it would partake of their fluctuations. When they were reduced, it would be likewise reduced; for had it not, or had the number of degraded denarii and aurei contained in a given sum of sestertii been increased in proportion to their degradation, nothing, it is obvious, would have been gained by falsifying the standard. Inasmuch, however, as we know that on one occasion the republic got rid of half of its debts, *dimidium lucrata est*, by simply reducing the standard of the as, the value of the sestertius must have fallen in the same proportion, just as in England we should reduce the pound sterling by reducing the shillings of which it is made up.[3]

[1] Essay on Medals, vol. i. p. 183. [2] Vitruvius, Lib. iii. cap. 1.

[3] Writers on ancient coins, with the exception of Pinkerton, agree in supposing the sestertius to have been originally, and to have always continued to be, a *silver* coin. Pinkerton, however, has denied this opinion; and, on the authority of the following passage of Pliny, contends that the sestertius was, at the time when Pliny wrote, whatever it might have been before, a *brass* coin. "Summa gloria æris nunc in Marianum conversa, quod et Cordubense dicitur. Hoc a Liviano cadmiam maxime sorbet, et orichalci bonitatem imitatur in SESTERTIIS, DUPONDIARIISQUE, Cyprio suo ASSIBUS contentis."—(Lib. xxxiv. cap. 2.) That is, literally, "The greatest glory of brass is now due to the Marian, also called that of Cordova. This, after the Livian, absorbs the greatest quantity of *lapis calaminaris*, and imitates the goodness of orichalcum (*yellow brass*) in our SESTERTII and DUPONDIARII, the ASSES being contented with the Cyprian (brass)." [Pliny had previously observed that the Cyprian was the least valuable brass.] This passage is, we think, decisive in favour of Pinkerton's hypothesis. But, in the absence of positive testimony, the

Arbuthnot's "Tables of Ancient Coins," which, for a lengthened period, were considered of high authority, are constructed on the hypothesis that the consular denarii weighed by Greaves were of the same purity as English standard silver, and that no subsequent diminution was made either in their weight or fineness. The conclusions derived from such data, though differing in degree, are of the same character as those which we should arrive at, if, in estimating the value of the pound sterling during the last hundred years, we took for granted that it contained a pound weight of standard silver, as in the period from the Conquest to the reign of Edward I. And, in addition to this source of error, the sums in ancient writers were, probably, at first set down with little regard to accuracy; and they have been peculiarly obnoxious to error from the carelessness of copyists and transcribers. But, however explained, many of the statements in the classics, as rendered by Arbuthnot and others, are quite incredible. Thus, we are told that Julius Cæsar, when he set out for Spain, after his prætorship, was £2,018,229 sterling worse than nothing; that Augustus received, in legacies from his friends, £32,291,666; that the estate of Pallas, a freedman of Crassus, was worth £2,421,875, and, which is still better, that he received £121,093 as a reward for his virtues and frugality; that Æsop, the tragedian, had a dish served up at his table which cost £4,843; that Vitellius spent £7,265,625 in twelve months, in eating and drinking; and that Vespasian, at his accession to the empire, declared that an annual revenue of £322,916,666 would be necessary to keep the state machine in motion. It is astonishing that but few of our scholars or commentators seem to have been struck with the palpable extravagance of

small value of the sestertius might be relied on as a pretty sufficient proof that it could not be silver. When the denarius weighed 62 grains, the sestertius must have weighed 15½, and been worth 2⅛d.; but a coin of so small a size as to be scarcely equal to *one-third* part of one of our sixpences, would have been extremely apt to be lost, and could not have been struck by the rude methods used in the Roman mint with anything approaching to even tolerable precision. It is, therefore, more reasonable to suppose that it was of brass.

these and similar statements; though, to use the words of Garnier, they have brought "l'Histoire Ancienne, sous le rapport des valeurs, au même degré de vraisemblance que les contes de *Mille et un Nuits*." It should be remembered that, from the greater poverty of the mines of the old world, and the comparatively small progress made in the art of mining, the value of gold and silver was much—probably four times—greater in antiquity than at present. But, without taking this circumstance into account, the computations referred to are too obviously absurd to deserve any attention. Vespasian would have been very well satisfied with a revenue of twenty millions; and there are good grounds for supposing that the Roman revenue, when at the highest, never amounted to so large a sum.[1]

French Money.—From about the year 800, in the reign of Charlemagne, to the year 1103, in that of Philip I., the French *livre*, or money unit, contained exactly a pound weight or twelve ounces (poids de marc) of pure silver. It was divided into twenty sols, each, of course, weighing $\frac{1}{20}$th part of a pound. This ancient standard was first violated by Philip I., who diminished considerably the quantity of pure silver contained in the sols. The example, once set, was so well followed up, that in 1180 the livre was reduced to less than a *fourth* part of its original weight of pure silver. In almost every succeeding reign there was a fresh diminution. "La monnoye," says Le Blanc, "qui est la plus précieuse et la plus importante des mésures, a changé en France presque aussi souvent que nos habits ont changé de mode." And to such an extent had the process of degradation been carried, that, at the Revolution, the livre did not contain a *seventy-eighth* part of the silver contained in the livre of Charlemagne. It would then have required 7,885 livres really to extinguish a debt of 100 livres contracted in the ninth or tenth centuries; and an individual who, in that remote period, had an annual income of 1,000 livres, was as rich, in respect to money, as

[1] Gibbon, vol. i. p. 209, edit. 1838.

those who, at the Revolution, enjoyed a revenue of 78,850 livres.[1]

We subjoin an abridged table, calculated by M. Denis, exhibiting the average value of the French livre in different periods, from the year 800 to the Revolution :—

Reigns.	Years.	Value of the Livre in the current money of 1789.		
		Liv.	Sols.	Den.
From the 32d year of Charlemagne to the 43d year of Philip I., or from	800 to 1103	78	17	0
Part of the reign of Philip I., Louis VI., and VII., ...	1103 ... 1180	18	13	8
Philip II. and Louis VIII., ...	1180 ... 1226	19	18	$4\frac{4}{5}$
Louis IX. and Philip IV. ...	1226 ... 1314	18	3	5
Louis X. and Philip V., ...	1314 ... 1322	17	3	5
Charles IV. and Philip VI., ...	1322 ... 1350	14	11	10
John, ...	1350 ... 1364	9	19	$2\frac{2}{5}$
Charles V., ...	1364 ... 1380	9	9	8
Charles VI., ...	1380 ... 1422	7	2	3
Charles VII., ...	1422 ... 1461	5	13	9
Louis XI., ...	1461 ... 1483	4	19	7
Charles VIII., ...	1483 ... 1498	4	10	7
Louis XII., ...	1498 ... 1515	3	19	8
Francis I., ...	1515 ... 1547	3	11	2
Henry II. and Francis II., ...	1547 ... 1560	3	6	$4\frac{4}{5}$
Charles IX., ...	1560 ... 1574	2	18	7
Henry III., ...	1574 ... 1589	2	12	11
Henry IV., ...	1589 ... 1610	2	8	0
Louis XIII., ...	1610 ... 1643	1	15	3
Louis XIV., ...	1643 ... 1715	1	4	11
Louis XV., ...	1715 ... 1720	0	8	0
Louis XV. and XVI., ...	1720 ... 1789	1	0	0

Those who wish for a detailed account of the various changes in the weight and purity of French coins, may, besides the excellent work of Le Blanc, consult the elaborate and very complete tables at page 905 of the "Traité des Mésures" of Paucton, and at page 197 of the "Essai sur les Monnoies" of Dupré de St Maur.

It was not to be expected that degradations originating in the necessities, the ignorance, and the rapacity of a long series

[1] Paucton, "Traité des Mésures, Poids," etc., p. 693.

of arbitrary princes, should be made according to any fixed principle. They were sometimes the result of an increase in the denomination of the coins, but more frequently of a diminution of the purity of the metal of which they were struck. A degradation of this kind was not so easily detected; and, to render its discovery still more difficult, Philip of Valois, John, and some other kings, obliged the officers of the mint to swear to conceal the fraud, and to endeavour to make the merchants believe that the coins were of full value![1] Sometimes one species of money was reduced without any alteration being made in the others. No sooner, however, had the people, in their dealings, manifested a preference, as they uniformly did, for the money which had not been reduced, than its circulation was forbidden, or its value brought down to the same level with the rest.[2] To render the subject more obscure, and the better to conceal their incessant frauds, individuals were at one time compelled to reckon exclusively by livres and sols, at other times by crowns or ecus; and not unfrequently they were obliged to refer, in computing, to coins which were neither livres, sols, nor crowns, but some multiple or fractional part thereof. The injurious effects of these constant fluctuations in the value of money are forcibly depicted by the French historians; and so insupportable did they become, that in the fourteenth and fifteenth centuries several cities and provinces were glad to purchase the precarious and little respected privilege of having coins of a fixed standard, by submitting to the imposition of heavy taxes.[3]

In Normandy, when it was governed by the English monarchs, there was a tax upon hearths, paid every three years, called *monetagium*, in return for which the sovereign engaged *not to debase his coins*. This tax was introduced into England by our early kings of the Norman race; but Henry I., in the first year of his reign, was induced to abandon it, and it has not since been revived.[4]

According to the present regulations of the French mint,

[1] Le Blanc, p. 212.
[2] Ibid. Introduction, p. 20.
[3] Ibid. p. 93.
[4] Liverpool on Coins, p. 107.

the coins contain $\frac{9}{10}$ths pure metal, and $\frac{1}{10}$th alloy. The *franc*, which is equal to 1 livre 0 sols 3 deniers, weighs exactly 5 grammes, or 77·2205 English Troy grains. The gold piece of 20 francs weighs 102·96 English grains.[1]

English Money.—In England, at the epoch of the Norman conquest, the silver, or money pound, weighed exactly twelve ounces Tower weight. It was divided into twenty shillings, and each shilling into twelve pence, or sterlings. This system of coinage, which is in every respect the same with that established in France by Charlemagne, had been introduced into England previously to the invasion of William the Conqueror, and was continued, without any alteration, till the year 1300, in the 28th Edward I., when it was for the first time violated, and the value of the pound sterling degraded to the extent of $\frac{12}{81}$ per cent. But the really pernicious effect of this degradation did not consist so much in the trifling extent to which it was carried by Edward, as in the example which it afforded to his less scrupulous successors, by whom the standard was gradually debased, until, in 1601, in the reign of Queen Elizabeth, 62s. were coined out of a *pound* weight of silver. This was a reduction of above *two-thirds* in the standard; so that all the stipulations in contracts, entered into in the reigns immediately subsequent to the Conquest, might, in 1601, and since, be legally discharged by the payment of less than a *third part* of the sums really bargained for. And yet the standard has been less degraded in England than in any other country.

The tables annexed to this article give an ample account of these degradations, and also give the weight of the gold coins, and the proportional value of gold to silver, estimated both by the mint regulations, and by the quantity of fine gold and fine silver contained in the different coins.

Scotch Money.—The English derived their system of coinage from the French, and the Scotch theirs from the

[1] Peuchet, "Statistique Elémentaire de la France," p. 538.

English. From 1296 to 1355, the coins of both divisions of the island were of the same size and purity. But, at the last-mentioned period, it was attempted to fill up the void occasioned by the remittance of the ransom of David II. to England, by degrading the coins. Till then the money of Scotland had been current in England, upon the same footing as the money of that country; and the preservation of this equality is assigned by Edward III. as a reason for his degrading the English coins. But this equilibrium was soon afterwards destroyed. In the first year of Robert III. (1390), Scotch coin passed only for half its nominal value in England; and, in 1393, Richard II. ordered that its currency, as money, should entirely cease, and that its value should henceforth depend on the weight of the genuine metal contained in it. "To close this point at once," says Pinkerton, "the Scottish money, equal in value to the English till 1355, sunk by degrees, reign after reign, owing to succeeding public calamities, and the consequent impoverishment of the kingdom, till, in 1600, it was only a *twelfth* part of the value of English money of the same denomination, and remained at that point till the union of the kingdoms cancelled the Scottish coinage."[1]

The annexed tables exhibit the successive degradations of the Scotch silver and gold coins.

At the Union, in 1707, it was ordered that all the silver coins current in Scotland, foreign as well as domestic, except English coins of full weight, should be brought to the Bank of Scotland, to be taken to the mint to be recoined. In compliance with this order, there were brought in,

Of foreign silver money (sterling), . .	£132,080	17	9
Milled Scottish coins, ...	96,856	13	0
Coins struck by hammer, ...	142,180	0	0
English milled coin, ...	40,000	0	0
Total, . .	£411,117	10	9

Ruddiman conjectures, apparently with considerable pro-

[1] Essay on Medals, vol. ii. p. 124.

bability, that the value of the gold and silver coins not brought in, amounted to about as much more. Much suspicion was entertained of the recoinage. And that large proportion of the people who were hostile to the Union, and did not believe in its permanence, brought very little money to the Bank. A few only of the hoarded coins have been preserved, the far greater part having either been melted by the goldsmiths, or exported to other countries.[1]

IRISH MONEY.—The gold and silver coins of Ireland are identical with those of Great Britain. The rate, however, at which they used to circulate in the former, or their nominal value as money of account, was $8\frac{1}{3}$ per cent. higher than in the latter. This difference of valuation, though attended with considerable inconvenience, subsisted from 1689 till 1825, when it was put an end to. For an account of the various species of metallic money which have at different times been current in Ireland, we beg to refer our readers to Simon's "Essay on Irish Coins;"[2] a work pronounced by Ruding to be "the most valuable of all the publications on the coinage of any part of the united empire."[3]

MONEY OF GERMANY, SPAIN, ETC.—"In many parts of Germany, the florin, which is still the integer or money of account of those countries, was originally a *gold* coin, of the value of about 10s. of our present money (old coinage). It is now become a silver coin, of the value of only 20d.; and its present value, therefore, is only equal to a sixth part of what it was formerly. In Spain, the maravedi, which was in its origin a Moorish coin, and is still the money of account of that kingdom, was in ancient times most frequently made of gold. Le Blanc observes, that in 1220 the maravedi

[1] Preface to Anderson's "Diplomata," p. 176.

[2] Originally printed at Dublin in 1749, in 4to, and reprinted with some additions in 1810.

[3] Annals of the Coinage, Preface, vol. i. p. 11. The work of Mr Lindsay on Irish Coins (4to, Cork, 1839), may also be advantageously consulted.

weighed 84 grains of gold, equal in value to about 14s. (old coinage) of our present money. But this maravedi, though its value is not quite the same in all the provinces of Spain, is now become a small copper coin, equal in general to only $\frac{43}{272}$ of an English penny! In Portugal, the re, or reis, is become of no greater value than $\frac{27}{401}$ of an English penny; it is so small, that in estimating its value in other coins, it is reckoned by hundreds and thousands. The moeda, or moidore, is equal to 4,800 reis; and this little coin has now, in fact, no existence but in name. Such has been the fate of all these coins, and such is the present state of their depreciation."[1]

The principle of degradation has not, however, been uniformly acted upon. The quantity of bullion contained in coins of the same denomination, has sometimes, though rarely, been increased, and creditors enriched at the expense of their debtors. This method of swindling his subjects is said to have been first practised by the profligate Heliogabalus. The Roman citizens being bound to pay into the imperial treasury a certain number of pieces of gold, or *aurei*, the emperor, whose vices have become proverbial, to increase his means of dissipation, without appearing to add to the weight of the taxes, increased the quantity of metal contained in the *aureus;* and thus obtained, by an underhand trick, what he might not have obtained by a fair and open proceeding.[2] In France, the value of the coins has been frequently raised. During the early part of the reign of Philip le Bel, who ascended the throne in 1285, the value of the coin had been reduced to such an extent as to occasion the most violent complaints on the part of the clergy and landholders, and generally of all that portion of the public whose incomes were not increased proportionally to the reduction in the value of money. To

[1] Liverpool on Coins, p. 111.

[2] Lamp. "Vita Alex. Severi," cap. 39. Perhaps Heliogabalus took the hint from Licinius, a freedman of Julius Cæsar, who, in his government of the Gauls under Augustus, divided the year into fourteen months instead of twelve, because the Gauls paid a certain *monthly* tribute.—Dion Cassius, lib. 72.

appease this discontent, and in compliance with an injunction of the pope, the king consented to issue new coins of the same denomination with those previously current, but which contained about *three* times the quantity of silver. This, however, was merely shifting an oppressive burden from the shoulders of one class to those of another less able to bear it. The degraded money having been in circulation for about sixteen years, by far the largest proportion of the existing contracts must have been adjusted with reference to it. No wonder, therefore, that debtors should have felt indignant at the injustice done them by this enhancement of the value of money, and that they refused to make good their engagements otherwise than in money of the value of that which had been current when they were entered into. The labouring class, to whom every sudden change in the value of money is injurious, having joined the debtors in their opposition, they broke out into open rebellion. "The people," says Le Blanc, "being reduced to despair, and having no longer anything to care for, lost the respect due to the edict of his majesty; they pillaged the house of the master of the mint, who was believed to have been the chief adviser of the measure, besieged the temple, in which the king lodged, and did all that an infuriated populace is capable of doing."[1] The sedition was ultimately suppressed. It is not mentioned whether any abatement were made, by authority, from the claims of the creditors, in the contracts entered into when the light money was in circulation. It seems probable, however, from what is elsewhere mentioned by Le Blanc,[2] that such was really the case.

The history of the French coinage affords several instances similar to that now brought under the notice of the reader. But, in England, the new coinage in the last year of Edward VI. is the only instance in which the value of money has been augmented by the direct interference of government. Previously to the accession of Henry VIII., the pound of stand-

[1] Traité Historique des Monnoyes de France. p. 190.
[2] Introduction. p. 30.

ard silver bullion, containing 11 oz. 2 dwts. of pure silver, and 13 dwts. of alloy, was coined into thirty-seven shillings and sixpence. Henry, however, not only increased the number of shillings coined out of a pound weight of silver, but also debased its purity. The degradation was increased under his son and successor, Edward VI., in the fifth year of whose reign seventy-two shillings were coined out of a pound weight of bullion; and as this bullion contained only *three* ounces of pure silver to *nine* ounces alloy, twenty of these shillings were only equal to 4s. 7¾d. of our present money, including the seignorage.[1] It appears from the proclamations issued at the time, and from other authentic documents, that this excessive reduction of the value of silver money occasioned the greatest confusion. A *maximum* was set on the prices of corn and other necessaries, and letters were sent to the gentlemen of the different counties, desiring them to punish those who refused to carry their grain to market. But it was soon found to be quite impossible to remedy these disorders otherwise than by withdrawing the base money from circulation. This was accordingly resolved upon; and in 1552 new coins were issued of the old standard in respect of purity; and which, though less valuable than those in circulation during the early part of the reign of Henry VIII., were above *four* times the value of a large proportion of the coins of the same denomination that had been in circulation for some years before.

It is, however, all but certain that such a rise in the value of money could not have taken place without occasioning the most violent commotions, had *all* the coins previously in circulation been debased. Equal injustice, it must be remembered, is always done to the poorest and not least numerous class of society, by increasing the value of money, that is done to the wealthier classes by its depression. And, though government had been disposed to sanction so enormous an invasion of the right of property, it is altogether impossible that the country could have submitted to have had 400 or 450 per cent. added to its taxes and other public burdens by a leger-

[1] Folkes's "Table of English Coins," p. 34.

demain trick of this kind, or that individuals would have consented to pay so much more than they had originally bargained for. Instead of deserving praise for accomplishing such a measure, Edward VI., who began the reformation of the coins, and Elizabeth, by whom it was completed, would have justly forfeited the esteem of their subjects, and lost their popularity. In truth, however, little or no change had been made during all this period in the value of the *gold* coins; and there is, besides, abundance of evidence to show that many of the old silver coins had remained in circulation. And as there is no mention made of the issue of the new coins having been attended with any inconvenience, it is nearly certain, as Mr Harris has remarked, that, during the period of the debasement of the standard, individuals had regulated their contracts chiefly with reference to the gold or old silver coins: or, which is the same thing, that "they had endeavoured, as well as they could, to keep by the standard, as it had been fixed in the preceding times." [1]

We have been thus particular in examining this measure, because it has been much referred to. It plainly, however, gives no support to the arguments of those who appeal to it as affording a striking proof of the benefits which they affirm must always result from restoring a debased or degraded currency to its original purity or weight. Invariability of value is the great desideratum in a currency. To elevate the standard, after it has been for a considerable period depressed, is not a measure of justice, but is giving a new direction to injustice. It vitiates and falsifies the provisions in one set of contracts, that those in another set may be properly adjusted.

This, however, as already remarked, is the only instance in which the government of England has interfered directly to enhance the value of money. In every other case, where they have tampered with the standard, it has been to lower its value, or, which comes to the same thing, to reduce their own debts and those of their subjects.

[1] Harris on Coins, part ii. p. 3.

It is unnecessary to enumerate in detail the various bad consequences which have resulted from these successive changes in the standard of value. But it deserves to be remarked, that an arbitrary reduction of the standard does not afford any real relief to the governments by whom it is effected. Their debts are, it is true, reduced, but so are their revenues. A piece of money that has been degraded will not exchange for the same quantity of commodities that it previously did. Whatever may be the reduction of the standard, prices are very soon raised to the same extent. If the degradation be 10 per cent., government, as well as every one else, will henceforth be compelled to pay £110 for commodities previously obtainable for £100. Hence, to bring the same real value into the coffers of the treasury, it is necessary that taxation should be increased whenever the standard is diminished; a measure always odious, and sometimes impracticable.

But a diminution of revenue is not the only bad effect which governments experience from reducing the standard of the currency. A state which has degraded its money, and cheated its creditors, is unable to borrow again on the same favourable terms as if it had acted with good faith. Those who lend money to knaves always stipulate for a proportionally high rate of interest. They must not only get as much as may be got from secure investments, but they must also get an additional rate, or premium, to cover the risk they run in dealing with those who have given proofs of bad faith, and on whose promises no reliance can be placed. A degradation of the standard is, therefore, about the most wretched device to which a bankrupt government can have recourse. It will never, indeed, be resorted to, except by those who are alike unprincipled and ignorant. "It occasions," says Dr Smith, "a general and most pernicious subversion of the fortunes of private people; enriching, in most cases, the idle and profuse debtor at the expense of the frugal and industrious creditor, and transporting a great part of the national capital from the hands which were likely to increase and improve it, to those who are likely to dissipate and destroy it. When it becomes necessary for a state to

declare itself bankrupt, in the same manner as when it becomes necessary for an individual to do so, a fair, open, and avowed bankruptcy is always the measure which is both least dishonourable to the debtor and least hurtful to the creditor. The honour of a state is surely very poorly provided for, when, in order to cover the disgrace of a real bankruptcy, it has recourse to a juggling trick of this kind, so easily seen through, and at the same time so extremely pernicious." [1]

Some of the bad consequences resulting from changes in the value of money might be obviated, by enacting that the stipulations in preceding contracts should be made good, not according to the present value of money, but to its value at the time when they were entered into. This principle, which is conformable to the just maxim of the civil law (*Valor monetæ considerandus atque inspiciendus est, a tempore contractus, non autem a tempore solutionis*), was acted upon, to a certain extent at least, by the kings of France during the middle ages. Ordonnances of Philip le Bel, Philip of Valois, and Charles VI., issued subsequently to their having increased the value of money, or, as the French historians term it, returned from the "*foible*" to the "*forte* monnoie," are still extant, in which it is ordered that all preceding debts and contracts should be settled by reference to the previous standard. But, though the same reason existed, it does not appear that any such ordonnances were ever issued when the value of money was degraded. It is obvious, indeed, that a government would derive no advantage from reducing the value of money, were it to order, as it is in justice bound to do, that all existing contracts should be adjusted by the old standard. Such a measure would reduce the revenue without reducing the national incumbrances; while, by establishing a new standard of value, and unsettling the notions of the public, it would open a door for every abuse, and be productive of infinite confusion and disorder in the dealings of individuals.

The odium and positive disadvantage attending the degrada-

[1] Wealth of Nations, p. 423

tion of metallic money, have at length induced most governments to abstain from it. But they have only renounced one mode of playing at fast and loose with the property of their subjects, to adopt another and a still more pernicious one. The injustice which was formerly done by diminishing the quantity of bullion contained in coins, is now perpetrated with greater ease, and to a still more ruinous extent, by the depreciation of paper currency.[1]

In the long period from 1601 to 1797, no change was made in the mint value of money in this country. A project for enfeebling the standard, or reducing the quantity of silver in the pound sterling, was indeed entertained both in 1626 and 1695. In the former instance, it was quashed by the celebrated speech addressed by Sir Robert Cotton to the Lords of the Privy Council; and in the latter, by the opposition of Montague, then Chancellor of the Exchequer, in the House of Commons, and by the impression made by the writings of Locke out of doors. But we may be permitted to observe, that to preserve the silver coins of full weight, coined in 1696–1699, from being melted and exported, Montague and Locke should have taken care that gold, which had practically become the standard of the currency, was either rated at an equality with silver, or the latter allowed to pass at its market value. This, however, was not done. And, in consequence of its over-valuation, gold, as already explained, became the only currency. Silver coins of full weight ceased to circulate, while those that were degraded were used only in small payments.

In 1797, a peculiar combination of circumstances occasioned a heavy drain for bullion on the Bank of England; and, to prevent the anticipated exhaustion of her coffers, an order in council was issued on the 25th February 1797, by which cash payments at the Bank were suspended. This measure seems to have been necessary at the time. But it was unluckily continued after the necessity had gone by, and was eventually prolonged till after the conclusion of a definitive treaty of

[1] There is, in the last volume of the "Cours d'Economie Politique" of M. Storch, a very instructive account of the paper money of the different continental states.

peace. The circulation of Bank of England paper was secured by its being exclusively issued in payment of the dividends on the public debt, and by its also being received as cash in all payments by the exchequer; but no attempt was made to maintain its value on a level with the value of gold and silver. The directors of the Bank were left to issue it on such terms and in such quantities as they judged proper; and it is due to them to state, that they exercised this extraordinary power with very considerable moderation.

For the first three or four years after the restriction, the directors, unaware, perhaps, of the nature of the power placed in their hands, seem to have regulated their issues nearly by the same rules which had regulated them, while they were obliged to pay in coin. The "Tables of the Price of Bullion," published by order of Parliament, show, that until 1801, bank-notes were on a par with gold. In 1801 and 1802, they were at a discount of from $8\frac{1}{3}$ to $7\frac{1}{3}$ per cent.; but they again recovered their value; and from 1803 to 1809, both inclusive, they were at a discount of only £2, 13s. 2d. per cent. In 1809 and 1810, the directors appear to have entirely lost sight of the principles by which their issues had previously been governed. The average amount of bank-notes in circulation, which had not exceeded $17\frac{1}{2}$ millions, nor fallen short of $16\frac{1}{2}$ millions, in any one year, from 1802 to 1808, both inclusive, was in 1809 raised to £18,927,833; and, in 1810, to £22,541,523. The issues of country bank paper were increased in a still greater proportion; and, as there was no corresponding increase of the business of the country, the discount on bank-notes rose from £2, 13s. 2d., in 1809, to £13, 9s. 6d. per cent. in 1810. The recommendation to return to cash payments, contained in the "Report of the Bullion Committee," presented to the House of Commons in 1810, appears to have given a slight check to the issues of the Bank. All apprehensions from this quarter were, however, speedily dissipated; for, in May 1811, when guineas were notoriously bought at a premium, and bank-notes were at an open discount, as compared with gold bullion, of upwards of ten per cent., the House of Commons not only refused to fix any

certain period for reverting to cash payments, but voted a resolution, declaring that the promissory notes of the Bank of England had hitherto been, *and were then, held to be, in public estimation, equivalent to the legal coin of the realm.*

This extraordinary resolution, which took for granted that a part is equal to a whole, that £90 and £100 are the same thing, relieved the Bank from all uneasiness respecting the interference of Parliament, and tempted the directors to increase the amount of paper in circulation. In consequence, it was, in 1812, at an average discount of $20\frac{3}{4}$; in 1813, of 23: and, in 1814, of 25 per cent. This was the *maximum* of depreciation. The importation of foreign corn, subsequent to the opening of the Dutch ports in 1814, having occasioned a great decline of the price of the principal article of agricultural produce, produced an unprecedented degree of distress, first among the farmers, and subsequently among the country bankers. In 1814, 1815, and 1816, about 240 private banking companies stopped payment, of which a large proportion were found to be altogether bankrupt. And the reduction which was thus occasioned in the amount of notes in circulation, raised their value so rapidly, that, in October 1816, the discount was reduced to £1, 8s. 7d. per cent. In 1817 and 1818, the average discount on bank paper, as compared with gold, did not exceed £2, 13s. 2d. per cent. In the early part of 1819, it rose to about six per cent., but it very soon declined; and in 1820 and 1821, paper was nearly on a level with gold.[1]

These fluctuations were exceedingly injurious. From 1809 to 1815, the creditors of every antecedent contract, landholders whose estates had been let on lease, stockholders and annuitants of every description—all, in short, who could not raise the nominal amount of their claims or incomes proportionally to the fall in the value of money, were to this extent losers. The injustice that would have been done to the creditors of the state and of individuals, who had made their loans in gold, or paper equivalent to gold, by raising the

[1] See annexed Table No. V.

denomination of the coin twenty-five per cent., however gross and palpable, would not have been greater than was actually done them in 1814, by compelling them to receive payment of their just debts in paper depreciated to that extent.

It is true, that after a currency has been for a considerable period depreciated, as much injustice is done by raising, as was previously done by depressing, its value. But there is good reason to doubt, whether the depreciation from 1809 to 1815 (for the depreciation of $2\frac{1}{2}$ per cent. during the seven preceding years is too inconsiderable to be taken into account) extended over a sufficiently lengthened period to have warranted the legislature in departing from the old standard. It is needless, however, to offer any opinion on this rather difficult point; for we have seen that the value of paper was raised in 1816 almost to par by accidental circumstances without any interference on the part of government or of the Bank. Sir Robert Peel's bill (59 Geo. III., cap. 99), to which this rise has been ascribed, was not passed till 1819, and could have nothing to do with what occurred three years previously. Its object was twofold,—to redeem the pledge given by Parliament to restore the old standard on the return of peace, and to shut the door against any fresh depreciation of paper.

It has sometimes, indeed, been alleged, that the rise in the value of the currency by reverting to specie payments in 1821, was in reality much greater than was indicated by the previous difference between the values of paper and gold; for it is maintained that the value of gold was itself raised by that measure. But we doubt whether this opinion have any good foundation. The supply of gold in the commercial world is too vast to allow of its value being sensibly affected by the drain occasioned by the resumption of cash payments in this country. It was probably, in fact, more than compensated by the cessation of hostilities, and the greater use of bills and other substitutes for coin, after the restoration of tranquillity. It is impossible, we believe, to specify a single article that has fallen in price since 1815, of which the fall may not be satisfactorily accounted for by changes in the channels of its supply, or in the cost of production, or both. These circumstances,

we may add, have no doubt tended to counteract the influence of the late increase in the supplies of bullion, which has not, it is said, raised prices. But it is probable that, but for this increase, prices would have fallen still lower; and if it continue, it cannot fail, in the end, to raise the prices of all articles whose cost is not reduced.

But, even if it could be shown that the act of 1819 was inexpedient at the time when it was passed, it would add little or nothing to the plea of those who continue to clamour for its repeal or modification. All the objections which could be made to the degradation of the standard in 1819, apply with a thousand times the force to every scheme for degrading it in 1852; while, on the other hand, the various arguments which could have been urged in favour of the measure at the former period are now all but worthless. The restored standard has been maintained for thirty-three years; and ninety-nine out of every hundred existing contracts have been entered into with reference to it. To tamper with it now would be unmixed folly. We should again witness the most pernicious subversion of private fortunes. Debtors would be enriched at the expense of their creditors; the ignorant and unwary would become the prey of the cunning and crafty; and capitalists would be eager to transfer their stock from a country where it was impossible to lend it, except at the risk of getting it repaid in a depreciated currency. "Whatever, therefore," to avail ourselves of the just and forcible expressions of Mr Harris, "may be the fate of future times, and whatever the exigency of affairs may require, it is to be hoped that that most awkward, clandestine, and most direful method of cancelling debts by debasing the standard of money, will be the last that shall be thought of."[1]

[1] On Money and Coins, part ii. p. 108.

TABLES RELATIVE TO THE MONEY OF THE UNITED KINGDOM.

No. I.—English Money.—Account of the English silver and gold coins; showing their value; the seignorage or profit upon the coinage, and the mint price of the pound troy of standard gold and silver, from the Conquest to the year 1816. (This and the next table, No. II., are taken from Part II. of "Essays on Money, Exchanges, and Political Economy," by Henry James.)

A. D.	Anno Regni.	SILVER. 1. Fineness of the silver in the coins.	SILVER. 2. Pound weight of such silver coined into	SILVER. 3. Profit or seignorage on the coinage.	SILVER. 4. Equal to the mint price for standard silver of 11 oz 2 dwts. fine troy-weight.	GOLD. 5. Fineness of the gold in the coins.	GOLD. 6. Pound weight of such gold coined into	GOLD. 7. Profit or seignorage on the coinage.	GOLD. 8. Equal to the mint price for standard gold of 22 carats fine troy-weight.
		oz. dts.	L. s. d.	L. s. d.	L. s. d.	crts. grs.	L. s. d.	L. s. d.	L. s. d.
1066	Conquest	11 2	1 0 0	...	...	...	...	...	...
1280	8 Edward I.	—	1 0 0	0 1 0	1 0 3 1/2	...	...	...	...
1300	28 ——	—	1 0 3	0 1 2 1/2	...	...	...	...	...
1344	18 Edward III.	—	1 0 3	0 1 3	1 0 3 1/2	23 3 1/2	13 3 4	0 8 4	12 10 8
1349	23 ——	—	1 2 6	0 1 3	1 2 8	—	14 0 0	0 11 8	13 3 9
1356	30 ——	—	1 5 0	0 0 10	1 5 9 3/8	—	15 0 0	0 6 8	14 8 4
1394	18 Richard II.	—	1 5 0	0 0 10	1 5 9 1/2	—	15 0 0	0 5 0	14 9 11
1401	3 Henry IV.	—	1 5 0	0 0 10	1 5 9 1/2	—	15 0 0	0 5 0	14 9 11
1421	9 Henry V.	—	1 10 0	0 1 0	1 10 11 1/2	—	16 13 4	0 5 0	16 2 9
1425	4 Henry VI.	—	1 10 0	0 1 0	1 10 11 1/2	—	16 13 4	0 5 10	16 1 11
1464	4 Edward IV.	—	1 17 6	0 0 4	6 1 15 2 1/2	—	20 16 8	2 10 0	18 0 5
1465	5 ——	—	1 17 6	0 0 4	6 1 15 2 1/2	—	22 10 0	1 0 0	21 1 10
1470	49 Henry VI.	—	1 17 6	0 2 0	1 17 10 5/8	—	22 10 0	0 13 0	21 9 7
1482	22 Edward IV.	—	1 17 6	0 1 6	1 18 4 1/2	—	22 10 0	0 7 6	21 15 0
1483	1 Richard III.	—	1 17 6	0 1 6	1 18 4 1/2	—	22 10 0	0 7 6	21 15 0
1485	1 Henry VII.	—	1 17 6	0 1 6	1 18 4 1/2	—	22 10 0	0 7 6	21 15 0
1509	1 Henry VIII.	—	1 17 6	0 1 0	1 18 11 1/2	—	22 10 0	0 2 6	22 0 0
[1] 1527	18 ——	—	2 0 0	0 1 0	1 18 11 1/2	—	24 0 0	0 2 8	22 0 0
—	— ——	—	2 5 0	0 1 0	2 4 0	—	27 0 0	0 2 9	...
...	... .	...	...	...	...	22 0	25 2 6	0 3 0	24 19 6
1543	34 ——	10 0 2	8 0 0	8 0	2 4 4 1/2	23 0	28 16 0	1 4 0	26 8 0
1545	36 ——	6 0 2	8 0 2	0 0	2 11 9 3/5	22 0	30 0 0	2 10 0	27 10 0
1546	37 ——	4 0 2	8 0 4	4 0	2 15 6	20 0	30 0 0	5 0 0	27 10 0
1547	1 Edward VI.	4 0 2	8 0 4	4 0	2 15 6	20 0	30 0 0	1 10 0	31 7 0
1549	3 ——	6 0 3	12 0 4	0 0	2 19 2 2/3	22 0	34 0 0	1 0 0	33 0 0
1551	5 ——	3 0 3	12 0	...	...	...	...	...	...
—	— ——	11 0 3	0 0	...	...	23 3 1/2	36 0 0	...	...
—	— ——	...	...	...	...	22 0	33 0 0	...	...
1552	6 ——	11 1 3	0 0 0	1 0	2 19 3 1/2	23 3 1/2	36 0 0	2 9	...
—	— ——	...	...	...	...	22 0	33 0 0	3 0	32 17 0
1553	1 Mary	11 0 3	0 0 0	1 0	2 19 6 1/2	23 3 1/2	36 0 0	3 0	33 0 8
1560	2 Elizabeth	11 2 3	0 0 0	1 6	2 18 6	23 3 1/2	36 0 0	5 0	...
—	— ——	...	...	...	...	22 0	33 0 0	4 0	32 16 0
1600	43 ——	— 3	2 0 0	2 0	3 0 0	23 3 1/2	36 10 0	10 0	...
—	— ——	...	...	...	...	22 0	33 10 0	10 0	33 0 0
1604	2 James I.	— 3	2 0 0	2 6	2 19 6	22 0	37 4 0	1 10 0	35 14 0
1626	2 Charles I.	— 3	2 0 0	2 0	3 0 0	—	41 0 0	1 1	39 18 7
[2] 1666	18 Charles II.	— 3	2 0 0	0 0	3 2 0	—	44 10 0	0 0	44 10 0
1717	3 George I.	— 3	2 0 0	0 0	3 2 0	—	46 14 6	0 0	46 14 6
1816	56 George III.	— 3	6 0 0	4 0	...	—	46 14 6	0 0	46 14 6

[1] 1527, Henry VIII.] The Saxon or Tower-pound was used at the mint up to this time, when the pound troy was substituted in its stead. The Tower-pound was but 11 oz. 5 dwts. troy; so that, from the Conquest to the 28th of Edward I., twenty shillings in tale were exactly a pound in weight.

[2] 1666, 18 Charles II.] The seignorage on the coinage was at this time given up, and the gold bullion brought to the mint has ever since been coined free of expense. A seignorage of 6 1/4 per cent. was imposed on the coinage of silver by 56th Geo. III.

No. II.—English Money.—Account of the quantity of fine silver coined into 20s. or the pound sterling, and of the quantity of standard silver, of 11 oz. 2 dwts. fine, and 18 dwts. alloy, contained in 20s. or the pound sterling. A similar account with respect to gold. And an account of the proportionate value of fine gold to fine silver, according to the number of grains contained in the coins: and the proportionate value of fine gold to fine silver, according to the price paid by the mint to the public. Calculated in grains and 1000 parts troy-weight.

A. D.	Anno Regni.	SILVER. 1. Number of grains of fine silver in 20s. or the pound sterling, as coined by the mint indentures.	SILVER. 2. Number of grains of standard silver, 11 oz. 2 dwts. fine in 20s. or the pound sterling, as coined by the mint indentures	GOLD. 3. Number of grains of fine gold in 20s. or the pound sterling, as coined by the mint indentures.	GOLD. 4. Number of grains of standard gold, 22 carats fine in 20s. or the pound sterling, as coined by the mint indentures.	GOLD AND SILVER. 5. Proportionate value of fine gold to fine silver, according to the quantity of each metal contained in the coins.	GOLD AND SILVER. 6. Proportionate value of fine gold to fine silver, according to the mint price, or the presumed market-value of gold and silver.
		Grains.	*Grains.*	*Grains.*	*Grains.*	*Grains.*	*Grains.*
1066	Conquest.....	1995·000	5400·000	...	...	...	...
1280	8 Edward I....	1995·000	5400·000	...	...	...	...
1344	18 Edward III.	4933·333	5333·333	407·990	445·080	1 to 12·091	1 to 12 479
1349	23 ———	4440·000	4800·000	383·705	418·588	1 ... 11·571	1 ... 11·741
1356	30 ———	3996·000	4320·000	358·125	390·682	1 ... 11·558	1 ... 11·286
1401	3 Henry IV...	3996·000	4320·000	358·125	390·682	1 ... 11·158	1 ... 11·350
1421	9 Henry V.....	3336·000	3600·000	322·312	351·613	1 ... 10·331	1 ... 10·527
1464	4 Edward IV..	2664·000	2880·000	257·850	281·291	1 ... 10·331	1 ... 10·331
1465	5 ———	2664·000	2880·000	238·750	260·454	1 ... 11·158	1 ... 11·983
1470	49 Henry VI...	2664·000	2880·000	238·750	260·454	1 ... 11·158	1 ... 11·446
1482	22 Edward IV..	2664·000	2880·000	238·750	260·454	1 ... 11·158	1 ... 11·429
1509	1 Henry VIII.	2664·000	2880·000	238·750	260·454	1 ... 11·158	1 ... 11·400
1527	18 ———	2368·000	2560·000	210·149	229·253	1 ... 11·268	1 ... 11·455
1543	34 ———	2000·000	2162·162	191·666	209·090	1 ... 10·434	1 ... 12·000
1545	36 ———	1200·000	1297·297	176 000	192·000	1 ... 6·818	1 ... 10·714
1546	37 ———	800·000	864·864	160·000	174·545	1 ... 5·000	1 ... 10·000
1547	1 Edward VI..	800·000	864·864	160·000	174·545	1 ... 5·000	1 ... 11·400
1549	3 ———	800·000	864·864	155·294	169·412	1 ... 5·151	1 ... 11·250
[1]1551	5 ———	400·000	...	...	...	...	...
...	- ———	1760·000	1902·702	160·000	174·545	1 ... 11·000	...
1552	6 ———	1768·000	1911·351	160·000	174·545	1 ... 11·050	1 ... 11·186
1553	1 Mary.....	1760·000	1902·702	159·166	173·636	1 ... 11·057	1 ... 11·198
1560	2 Elizabeth....	1776·000	1920·000	160·000	174·545	1 ... 11·100	1 ... 11·315
1600	43 ———	1718·709	1858·064	157·612	171·940	1 ... 10·904	1 ... 11·100
1604	2 James I.	1718·709	1858·064	141·935	154·838	1 ... 12·109	1 ... 12·109
1626	2 Charles I....	1718·709	1858·064	128·780	140·487	1 ... 13·346	1 ... 13·431
1666	18 Charles II.	1718·709	1858·064	118 651	129·438	1 ... 14·485	1 ... 14·485
1717	3 George I....	1718·709	1858·064	113·001	123·274	1 ... 15·209	1 ... 15·209
[2]1816	56 George III.	1614·545	1745·454	113·001	123·274	1 ... 14·287	...

[1] 1551, 5 Edward VI.] The coinage of debased silver money in the 5th year of Edward VI of 3 oz. fine, ought more properly to be considered as tokens. The sum of £120,000 only was so coined. (See James's "Essays," chap. iv.)

[2] 1816, 56 George III.] The government having taken the coinage of silver into its own hands, there is at present no fixed price paid to the public, by the mint, for standard silver. And supposing the government to continue the present mint regulations, and to keep gold at 77s. 10½d. an ounce, as the price of silver varies, the relative value of gold to silver will vary in like proportion.

No. III.—Scotch Money.—Account of the number of pounds, shillings, and pennies Scotch, which have been coined out of one pound weight of silver at different times; with the degree of purity of such silver, or its fineness, from the year 1107 to the year 1601. (From Cardonnell's "Numismata Scotiæ," p. 24.)

A.D.	Anno Regni.	Purity.	Alloy.	Value of money coined out of a lb. of silver.
		Oz. Pw.	Oz. Pw.	L. s. d.
From 1107 to 1296	Alexander I.... David I..... William..... Alexander II... Alexander III.. John Baliol.....	11 2	0 18	1 0 0
From 1306 to 1329	Robert I.....	11 2	0 18	1 1 0
1366	David II.....38	11 2	0 18	1 5 0
1377	39	11 2	0 18	1 9 4
From 1371 to 1390	Robert II.....	11 2	0 18	1 9 4
1393	Robert III.....4	11 2	0 18	1 12 0
1424	James I.....19	11 2	0 18	1 17 6
1451	James II.....15	11 2	0 18	3 4 0
1456	20	11 2	0 18	4 16 0
1475	James III.....16	11 2	0 18	7 4 0
1484	24	11 2	0 18	7 0 0
1488	James IV.....1	11 2	0 18	7 0 0
1489	2			
1529	James V.....16	11 0	1 0	9 12 0
1544	Mary 3	11 0	1 0	9 12 0
1556	14	11 0	1 0	13 0 0
1565	23	11 0	1 0	18 0 0
1567	James VI.....1	11 0	1 0	18 0 0
1571	5	9 0	3 0	16 14 0
1576	10	8 0	4 0	16 14 0
1579	13	11 0	1 0	22 0 0
1581	15	11 0	1 0	24 0 0
1597	31	11 0	1 0	30 0 0
1601	35	11 0	1 0	36 0 0

No. IV.—Scotch Money.—Account of the number of pounds, shillings, and pennies Scotch, which have been coined out of one pound weight of gold, with the degree of their purity, and the proportion that the gold bore to the silver. (From Cardonnell's "Numismata Scotiæ," p. 25.)

A. D.	Anno Regni.	Fineness.	Alloy.	Value of the coin coined out of one pound of gold.	Pound of pure gold weighed of pure silver.
		oz. pw. gr.	oz. pw. gr.	L. s. d.	lb. oz. pw. gr.
1371, etc.	Robert II.....	11 18 18	0 1 6	17 12 0	11 1 17 22
1390, etc.	Robert III....	11 18 18	0 1 6	19 4 0	11 1 17 22
1424	James I.....19	11 18 18	0 1 6	22 10 0	11 1 17 22
1451	James II...15	11 18 18	0 1 6	33 6 0	9 8 4 14
1456	20	11 18 18	0 1 6	50 0 0	9 8 4 14
1475	James III. 16	11 18 18	0 1 6	78 15 0	10 2 0 20
1484	24	11 18 18	0 1 6	78 15 0	10 5 7 9
1488	James IV....1	11 18 18	0 1 6	78 15 0	10 5 7 9
1529	James V....16	11 18 18	0 1 6	108 0 0	10 5 7 9
1556	Mary.....14	11 0 0	1 0 0	144 0 0	10 5 8 6
1577	James VI...10	11 0 0	1 0 0	240 0 0	10 5 8 6
1579	13	10 10 0	1 10 0	240 0 0	11 5 2 20
1597	31	11 0 0	1 0 0	360 0 0	12 0 0 0
1601	35	11 0 0	1 0 0	432 0 0	12 0 0 0
1633	Charles I....9	11 0 0	1 0 0	492 0 0	13 2 7 11

No. V.—English Paper Money.—Account of the average market price of bullion in every year, from 1800 to 1821 (taken from Papers laid before the House of Commons), of the average value per cent. of the paper currency, estimated from the market price of gold for the same period, and of the average depreciation of the paper currency.

Years.	Average price of Gold per ounce.	Average per cent. of the value of the currency.	Average depreciation per cent.	Years.	Average price of Gold per ounce.	Average per cent. of the value of the currency.	Average depreciation per cent.
	L. S. D.	L. S. D.	L. S. D.		L. S. D.	L. S. D.	L. S. D.
1800	3 17 10½	100 0 0	Nil.	1811	4 4 6	92 3 2	7 16 10
1801	4 5 0	91 12 4	8 7 8	1812	4 15 6	79 5 3	20 14 9
1802	4 4 0	92 14 2	7 5 10	1813	5 1 0	77 2 0	22 18 0
1803	4 0 0	97 6 10	2 13 2	1814	5 4 0	74 17 6	25 2 6
1804	4 0 0	97 6 10	2 13 2	1815	4 13 6	83 5 9	16 14 3
1805	4 0 0	97 6 10	2 13 2	1816	4 13 6	83 5 9	16 14 3
1806	4 0 0	97 6 10	2 13 2	1817	4 0 0	97 6 10	2 13 2
1807	4 0 0	97 6 10	2 13 2	1818	4 0 0	97 6 10	2 13 2
1808	4 0 0	97 6 10	2 13 2	1819	4 1 6	95 11 0	4 9 0
1809	4 0 0	97 6 10	2 13 2	1820	3 19 11	97 8 0	2 12 0
1810	4 10 0	86 10 6	13 9 6	1821	3 17 10½	100 0 0	Nil.

TREATISE

ON THE

CIRCUMSTANCES WHICH DETERMINE

THE

COURSE OF EXCHANGE.

In commercial economy, the term "Exchange" is commonly employed to designate that description of mercantile transactions, by which the debts of individuals residing at a distance from each other are liquidated, without the intervention of money. The object of this treatise is to explain the nature of these transactions, and the principles on which they are founded.

This will be best effected by treating, *first*, of the exchange between different parts of the same country; and, *secondly*, of that between different and independent countries.

INLAND EXCHANGE.

Suppose a merchant of London orders his agent in Glasgow to send him a thousand pounds' worth of cottons, and that it does not suit the agent to commission goods of equal value from his London correspondent, the latter may, notwithstanding, be under no necessity of remitting cash to Glasgow in discharge of his debt. Among countries or cities having a considerable intercourse together, the debts mutually due by each other, are found, in ordinary cases, to be nearly equal. The Glasgow agent, who has shipped the cottons for London,

does not, therefore, transmit the bill drawn by him on his correspondent for their price to London to be cashed, as that would subject him to the expense of conveying the money home to Glasgow; but he gets its value from some other party in Glasgow, who has a payment to make in London on account of tea bought in that city, and who, unless he could procure such a bill, would be obliged to remit its price in money. The bill on account of the cottons is, therefore, either drawn in favour of the party in London who furnished the tea, or it is drawn in favour of the tea-dealer in Glasgow, and indorsed by him to the former, who, on presenting it to the purchaser of the cottons, receives its value, and consequently the price of the cottons, and the price (or part of the price) of his tea, at the same moment. This simple contrivance obviates the expense and risk attending the transmission, first, of money from London to Glasgow to pay the cottons, and, second, of money from Glasgow to London to pay the tea. The debtor in one is changed for the debtor in the other; and both accounts are settled without the intervention of a single farthing.

The bill drawn and negotiated in such a transaction as this is termed an *inland* bill of exchange. If the transaction had taken place between London or Glasgow and a foreign city, it would have been termed a *foreign* bill of exchange.

A bill of exchange may, therefore, be defined to be, "an order addressed to some person residing at a distance, directing him to pay a certain specified sum to the person in whose favour the bill is drawn, or his order." [1]

The price of bills fluctuates according to their abundance or scarcity compared with the demand. If the debts reciprocally due by London and Glasgow be equal, whether they amount to £100,000, £500,000, or any other sum, they may

[1] In mercantile phraseology, the person who draws a bill is termed the *drawer;* the person in whose favour it is drawn, the *remitter;* the person on whom it is drawn, the *drawee*, and after he has accepted, the *acceptor*. Those persons into whose hands the bill may pass previously to its being paid, are, from their writing their names on the back, termed *indorsers;* and the person in whose possession the bill is at any given period, is termed the *holder* or *possessor*.

be discharged without the intervention of money, and the price of bills of exchange will be at PAR; that is, a sum of £100 or £1,000 in Glasgow will purchase a bill for £100 or £1,000 payable in London, and *vice versa*. But if these cities be not mutually indebted in equal sums, then the price of bills will be increased in the city which has the greatest number of payments to make, and reduced in that which has the fewest. If Glasgow owe London £100,000, whilst the latter only owes the former £90,000, it is clear, inasmuch as Glasgow has a larger sum to remit to London than London has to remit to Glasgow, that the price of bills on London will rise in Glasgow, because of the increased demand, and that the price of bills on Glasgow will fall in London, because of the diminished demand. A larger sum would, consequently, be required to discharge a debt due by Glasgow to London, and a less sum to discharge an equal debt due by the latter to the former; or, which is the same thing, the exchange would be in *favour* of London, and *against* Glasgow. Bills on London would sell in Glasgow at a *premium*, and bills on Glasgow would sell in London at a *discount;* the premium in the one case being equal to the discount in the other.

On the supposition that the balance of £10,000, due by Glasgow, depresses the exchange on London *one per cent.*, it appears, at first sight, that it will cost Glasgow £101,000 to discharge her debt of £100,000 due to London; and that, on the other hand, £89,100 would be sufficient to discharge the debt of London to Glasgow. But a very little consideration will serve to show that this would not be the case. Exchange transactions cannot take place between different cities until debtors and creditors of the one reside in the other. And hence, when the exchange became unfavourable to Glasgow, the premium paid by its merchants for bills on London would not go into the pockets of their creditors in the latter, but into those of their neighbours in Glasgow to whom London was indebted, and from whom the bills were purchased. The loss to Glasgow would, therefore, be limited to the *premium* paid on the balance of £10,000. Thus, supposing that A of Glasgow owes D of London £100,000, and that C of London

owes B of Glasgow £90,000; A will pay to B £91,000 for a bill or order on C to pay D £90,000. In this way, the £90,000 of London debt at Glasgow would be cleared off; the premium, which is lost by the debtor to London in Glasgow, being gained by its creditor in the same place. If the business had been transacted in London, C, with £89,100, would have purchased of D a bill for £90,000, payable by A; so that, in this case, the gain would have fallen to the share of the debtor C, and the loss to that of the creditor D, both of London. The complexity of real transactions does not affect the principles on which they are founded. And whatever may be the amount of the debts reciprocally due by different places, the only disadvantage under which any of them could be placed by a fall of the exchange, would be the unavoidable one of paying the expense of remitting the *balance* of debt.

The expense of transmitting money from one place to another limits the fluctuations in the exchange between them. If 20s. sufficed to cover the expense and risk attending the transmission of £100 from Glasgow to London, it would be indifferent to a merchant, in the event of the exchange becoming unfavourable to the former, whether he paid one per cent. *premium* for a bill on London, or remitted money direct to the latter. If the premium were less than one per cent., it would be clearly his interest to make his payments by means of bills rather than by remittances; and that it could not exceed one per cent. is obvious, for every individual would rather directly remit money, than incur an unnecessary expense by purchasing bills on London at a greater *premium* than would suffice to cover the expense of a money remittance. If, owing to the badness of roads, disturbances in the country, or any other cause, the expense of remitting money from Glasgow to London were increased, the difference in the rate of exchange between them might also be proportionally increased. But in every case, the extent to which this difference could attain would be limited by, and could not for any considerable period exceed, the cost of remitting cash.

Exchange transactions become more complex, when one place, as is often the case, discharges its debts to another by

means of bills drawn on a third place. Thus, though London should owe nothing to Glasgow, yet if Glasgow be indebted to London, London to Manchester, and Manchester to Glasgow, the latter may wholly or partially discharge her debt to London by remitting bills on Manchester. She may wholly discharge it, provided the debt due to her by Manchester exceed or is equal to the debt due by her to London. If, however, it be not equal to the latter, Glasgow will either have to remit money to London to pay the balance of debt, or bills on some other place indebted to her.

Transactions in inland bills of exchange are almost entirely conducted by bankers, who charge a certain rate per cent. for their trouble, and who, by means of their credit and connections, are able, on all occasions, to supply the demands of their customers. London, because of its extensive correspondence with other parts of the country, occasioned partly by its immense commerce, partly by its being the seat of government, and the place to which the revenue is remitted, and partly by its currency consisting of Bank of England paper, for which the notes of the country banks are rendered exchangeable, has become the grand focus in which the money transactions of the United Kingdom centre, and in which they are all ultimately adjusted. These circumstances, but especially the demand for bills on London to remit revenue, and the superior value of Bank of England paper, render the exchange between London and other parts of the country invariably in her favour. Bills on London drawn in Edinburgh and Glasgow were formerly made payable at forty days' date, which was equivalent to a *premium* of about $\frac{1}{2}$ per cent.; but, owing to the greater facility of communication, this *premium* is now reduced to twenty days' interest, or to about $\frac{1}{4}$ per cent. Bills for remitting the revenue from Scotland are now drawn at thirty days; previously to 1819 they were drawn at sixty days.

These statements are sufficient to show that, how well soever bills of exchange may be fitted for facilitating the operations of commerce, and saving the trouble and expense attending the transportation of money, mercantile transactions cannot be adjusted by their means, except in so far as they mutually

balance each other. A *real* bill of exchange is merely an order entitling the holder to receive payment of a debt due by the person on whom it is drawn. It is essential to the existence of such bill, that an equivalent amount of debt should be contracted. And hence, as the amount of the real bills of exchange drawn on any number of merchants cannot exceed the amount of their debts, if a greater sum be owing by them than they owe to others, the balance must either be paid in money, or by the delivery of some sort of commodities. If, as in the case referred to, Glasgow owe London £100,000, while London only owes Glasgow £90,000, a reciprocal transfer of debts may be made to the extent of £90,000. But the Glasgow merchants cannot discharge the additional £10,000 by means of bills on London; for, by the supposition, London only owed them £90,000, and they have drawn for its amount. This balance must, therefore, be discharged by an actual money payment, or by the delivery of some species of produce, or by bills on some third party indebted to Glasgow.

It is not meant by this to insinuate that *fictitious* bills of exchange, or bills drawn on persons who are not really indebted to the drawer, are either unknown or very rare. In commercial countries, bills of this description are always to be met with; but they are a device for obtaining loans, and cannot transfer real debts. A of London may form a connection with B of Glasgow, and draw bills upon him payable a certain number of days after date, which the latter may retire by selling bills upon A. The merchants who purchase, or the bankers who discount these bills, advance their value to the drawers, who, by means of this system of *drawing* and *redrawing*, command a borrowed capital equal to the amount of the fictitious paper in circulation. It is clear, however, that the negotiation of such bills cannot assist in transferring and settling the *bona fide* debts of two or more places. Fictitious bills mutually balance each other. Those drawn by London on Glasgow equal those drawn by Glasgow on London, for the one set is drawn to pay the other—the second destroys the first, and the result is nothing.

The raising of money by means of fictitious bills, has been

severely censured by Dr Smith, who says it entails a ruinous expense on those engaged in it, and is resorted to only by projectors, or persons of suspicious credit. When fictitious bills are drawn at two months' date, it is common to charge, in addition to the ordinary interest, a commission of $\frac{1}{2}$ or $\frac{1}{4}$ per cent., which must be paid every time the bill is discounted, or, at least, *six* times a-year. The total expense of money raised in this way could not, therefore, supposing the transaction to be always on account of the same individual, and interest 4 per cent., be estimated at less than $5\frac{1}{2}$ or 7 per cent. per annum, *ex* stamps; and the payment of so high an interest on borrowed capital, in a country where the ordinary rate of mercantile profit is not supposed to average more than from *six* to *eight* per cent., could not fail to be generally productive of ruin to the borrower. But it seldom happens that, in the negotiation of fictitious bills, the charge for commission falls on one individual. Loans obtained in this way are usually on account of two or more parties. At one time a fictitious bill is drawn by A of London on B of Glasgow; and, in this case, the latter will, before the bill becomes due, draw upon A for its amount, including interest and commission. At another time, the transaction will be on account of B, who in that case has to pay commission to his friend in London; so that each party may, on the whole, as Mr Thornton has observed, gain about as much as he pays in the shape of commission.

It is often extremely difficult to distinguish fictitious bills from those which have arisen out of real transactions. Neither does it seem to be of any very material importance. The character and credit of the parties whose names are attached to bills, are the only criteria by which merchants or bankers can judge whether they ought to negotiate them. The circumstance of an individual offering accommodation paper for discount, ought unquestionably, if it be known, to excite suspicions of his credit. But unless in so far as the drawing of fictitious bills may be held to be indicative of overtrading, or of a deficiency of capital to carry on the business in which the party is engaged, there does not appear to be any very good reason for refusing to discount them.

Within the last few years, it has been the practice to grant money orders, payable on presentation at the different post-offices, for sums of £5 and under. These orders cost 3d. for sums of £2 and under, and 6d. for sums between £2 and £5 inclusive; and as they are not paid unless the parties in whose favour they are drawn, or other parties well known to the post-masters by whom they are payable, appear to receive payment, there is no risk of the money getting into improper hands. This system has been found to be a very great accommodation to the public, especially to those having small sums to remit, and has been very extensively resorted to. In 1850, 4,439,713 money orders were issued in the United Kingdom; the aggregate sum transferred by their agency being £8,494,498, 10s. 7d.

These observations will, perhaps, suffice to explain the manner in which transactions between different parts of the same country are settled by means of bills of exchange. They are, in general, extremely simple. The uniform value of the currency of a single country renders unnecessary any comparison between the value of money at the place where the bill is drawn and negotiated, with its value where it is to be paid; while the constant intercourse maintained amongst different parts of the same kingdom, by preventing those disturbances to which the intercourse between distant and independent countries is always subject, prevents those sudden fluctuations which frequently occur in the prices of foreign bills of exchange. We shall, therefore, leave this part of our subject, and proceed to investigate the circumstances which influence the course of exchange between different and independent countries.

FOREIGN EXCHANGE.

The price of foreign bills of exchange depends on two circumstances: *first*, On the value of the currency of the place where they are made payable, compared with the value of the currency of the place where they are drawn; and, *secondly*, On the relation which the supply of bills in the market bears to the demand.

If the value of the different coins and moneys which circulate in nations having dealings with each other were invariable, the exchange would be exclusively influenced by circumstances affecting the supply and demand for bills. But, in addition to variations in its cost in particular countries, the weight and fineness of the bullion contained in their coins are liable to all sorts of variations. And it is almost needless to say, that the price of bills, as of everything else, necessarily varies with these variations, increasing when the value of the money in which they are estimated falls, and falling when it increases. But these, it is plain, are merely nominal or numerical variations. They grow out of changes in the standard employed to measure values, and not in the values themselves. It is otherwise, however, with variations of price occasioned by changes in the supply of bills, or in the demand for them; that is, by changes in the payments a country has to make compared with those it has to receive. These are real, not nominal variations, for they affect the values in bills, and not the money in which these values are expressed. And hence the distinctions of *nominal*, *real*, and *computed* exchange. The *first* depends on alterations in the value of the currencies compared together; the *second* depends on the supply of bills in the market compared with the demand; and the *third*, or *computed* exchange, depends on the combined effects of the other two. For the sake of perspicuity we shall treat of these separately.[1]

Sect. I.—*Nominal Exchange.*

Bullion being everywhere recognised as the standard currency of the commercial world, the comparative value of the currencies of particular countries depends,—1*st*, On the value of bullion in those countries; and, 2*dly*, On the *quantity* of bullion contained in their coins, or on the quantity of bullion

[1] Supposing every country to be in possession of its proper supply of bullion, the exchange may be said to be *nominally* affected by the amount of the difference between the market and mint price of bullion, and to be *really* affected by any deviation from par exceeding or falling short of that difference.

for which their paper money, or other circulating media, will exchange.

I. The value of freely produced commodities being commonly proportioned to the *cost* of their production, including therein the cost of their conveyance from where they have been produced to where they are to be made use of, it follows, were the trade in the precious metals perfectly open, and the commodities produced in different countries about equally well fitted for exportation, that the value of bullion in one, compared with its value in another, would be chiefly determined by their respective distances from the mines. Thus, on the supposition that neither England nor Poland had any other article except corn to exchange with the Americans or Australians for bullion, it is evident that the precious metals would be more valuable in Poland than in England, because of the greater expense of sending so bulky a commodity as corn the more distant voyage, and also of the somewhat greater expense of conveying the gold to Poland. Had Poland succeeded in carrying her manufactures to a higher pitch of improvement than England, her merchants might be able, notwithstanding the disadvantage of distance, by exporting commodities possessed of great value in small bulk, the freight of which would be comparatively trifling, to buy bullion on cheaper terms than those of England. But when, as is actually the case, the advantages of skill and machinery are on the side of England, another reason is added to that derived from our less distance from the mines, why gold and silver should be less valuable here than in Poland, and why the money price of commodities should be higher.[1]

Hence, among nations which have attained to different degrees of excellence in manufacturing industry, the value of bullion does not wholly depend on their distance from the mines. But, whatever variations a different progress in the arts may occasion in its value in different countries, it is always less valuable in those into which it is imported, than in those

[1] Ricardo, "Principles of Political Economy," etc., 1st ed. p. 175.

in which it is produced. Like everything else, it is exported to find, not to destroy, its level. And unless its value in Europe exceeded its value in America and Australia by a sum sufficient to cover the expense of its importation, including ordinary profits to the importers, we should not, though the mines in these quarters were infinitely more productive, import from them a single ounce of bullion in the ordinary course of trade. It is obviously incorrect, therefore, to lay it down as a general proposition, "that the par of exchange between two countries is that sum of the currency of either of the two, which, in point of intrinsic worth, is precisely equal to a given sum of the other; *that is, contains precisely an equal weight of gold and silver of the same fineness.*"[1] For a given quantity of gold and silver is not always, as is here assumed, of the same intrinsic value in different countries. It may differ but little among nations bordering upon or near each other, and which are all destitute of mines. But though, to use a familiar illustration, the value of sugar approaches nearly to a level in the great trading cities of Europe, it cannot surely be maintained that its value in the West Indies is as great as in Bordeaux or Liverpool, or that the exchange would be really at par, if a bill, which cost a hundred hogsheads of sugar in London, only brought a hundred in Jamaica. Now, in respect of principle, this is precisely the case with bullion. Though the value of gold and silver, compared with corn, labour, etc., may, and indeed must, vary very considerably among different nations, these variations are only the necessary result of their different progress in industry, and of the different quality of their cultivated lands, etc. Such differences of price are in the natural order of things; and bullion has not found its proper level till a quantity has been introduced into those countries which excel in manufactures, sufficient to raise the price of their corn and labour. These variations have, therefore, no influence over the exchange. Notwithstanding this difference of price, an ounce of bullion in one country, owing to the facility of intercourse, is very near

[1] Bullion Report, p. 22, 8vo. ed.

equivalent to an ounce of bullion in another; and, supposing the trade in the precious metals to be perfectly free, the exchange will be at true par when bills are negotiated on this footing. But when we compare the values of these metals in distant countries, especially in those where they are produced, with those into which they are imported, there are very considerable differences. Gold and silver, like iron, coal, tin, etc., are necessarily cheaper in countries possessed of extraordinarily productive mines, than in those possessed only of mines of a secondary degree of fertility, or where they have to be entirely brought from abroad. And the exchange between such places is not at true par, unless adequate allowance be made for this difference of value. Thus if, because of the expense of carriage, the value of bullion in Great Britain be 5 per cent. greater than in San Francisco, 100 ounces of pure gold in the latter would not be worth 100 ounces of pure gold in London, but 5 per cent. less; and the exchange would be at true par when bills for 105 ounces standard bullion, payable in San Francisco, sold in London for 100 ounces.

The different values of the precious metals in different countries do not depend alone on their respective distances from the mines, or on their greater or less progress in the arts. The opinion formerly so very prevalent, that gold and silver were the only real wealth, led most nations to fetter and restrain their exportation, and to adopt a variety of measures intended to facilitate their importation. But these, even when most vigorously enforced, were singularly ineffectual. The great value and small bulk of the precious metals rendered it not only advantageous, but comparatively easy, clandestinely to export them, whenever their relative value declined.

"When," says Dr Smith, "the quantity of gold and silver imported into any country exceeds the effectual demand, no vigilance of government can prevent their exportation. All the sanguinary laws of Spain and Portugal are not able to keep their gold and silver at home. The continual importations from Peru and Brazil, exceed the effectual demand of those countries, and sink the price of those metals there below that in the neighbouring countries. If, on the contrary, in

any particular country their quantity fell short of the effectual demand, so as to raise their price above that of the neighbouring countries, the government would have no occasion to take any pains to import them. If it were even to take the pains to prevent their importation, it would not be able to effectuate it. Those metals, when the Spartans had got wherewithal to purchase them, broke through all the barriers which the laws of Lycurgus opposed to their entrance into Lacedæmon. All the sanguinary laws of the customs are not able to prevent the importation of the teas of the Dutch and Gottenburg East India Companies, because somewhat cheaper than those of the British Company. A pound of tea, however, is about a hundred times the bulk of one of the highest prices, 16s., that is commonly paid for it in silver, and more than two thousand times the bulk of the same price in gold, and consequently just so many times more difficult to smuggle." [1]

But, though ineffectual to prevent their egress, the restrictions on the exportation of the precious metals have nevertheless contributed to occasion some slight variations in their value in different countries. The risk formerly incurred by the clandestine exporters of bullion from Spain, is supposed to have been equivalent to about two per cent.; or, which is the same thing, it is supposed that the restrictions maintained such an excess of gold and silver in that country as to sink them two per cent. below their value in countries having a free trade in bullion. In calculating the true par of exchange between different countries, circumstances of this kind must be taken into account. For, to whatever extent bullion in one country may be sunk below its value in those with which it maintains an intercourse, the nominal exchange will necessarily be unfavourable to that extent.[2]

It consequently results, that whatever occasions a rise or fall of the value of the precious metals in one country, proportionally affects its nominal exchange with other countries.

[1] Wealth of Nations, p. 190.

[2] All restraints on the exportation of the precious metals were abolished in Great Britain in 1819. Their effect for many years previously could not be estimated at above one-fourth per cent.

If more coin, or convertible paper, circulated in Great Britain, compared with the business it has to perform, than in other countries, its relative value would be diminished. Foreign bills would sell for a premium, the amount of which would measure the excess of the value of the precious metals in the foreign market, caused by their redundancy in the home market. And, on the other hand, in the event of our currency becoming relatively deficient, its value would be proportionally increased; bills drawn on foreign countries would sell at a discount, the amount of which would equal the excess of the value of our currency over that of other countries.

II. In estimating the quantities of bullion contained in the coins of different countries, a particular coin of one, such as the British pound sterling, is selected for a standard by which to compare the others, and the proportion between it and them, supposing them to be all of their standard weight and fineness, is ascertained by experiment. A par of exchange is thus established, or rather it is ascertained, that a certain amount of the standard currency of one country contains as much gold or silver of the same fineness, as is contained in the coin or integer with which it has been compared. This relation, or *par*, as it is technically termed, is considered invariable; and allowance is made for subsequent variations in the coins of countries trading together, by rating the exchange at so much above or below par. In mercantile language, that country, by a comparison with one or other of whose coins the par of exchange has been established, is said to give the *certain* for the *uncertain*, and conversely. Thus, in the exchange between London and Paris, London and Hamburg, etc., London gives the *certain*, or the pound sterling, for an *uncertain* or variable number of francs, florins, etc. Hence, the higher the exchange between any two countries, the more is it in favour of that which gives the *certain;* and the lower, the more is it in favour of that which gives the *uncertain*.

On the supposition that 25 francs contain the same quantity of standard bullion as a pound sterling (25 fr. 57 cent. is about the exact par), and supposing also that the value of

bullion is the same in both countries, the exchange between London and Paris will be at par, when a bill drawn in the one on the other sells at that rate; that is, when a bill of exchange for 2,500 or 25,000 francs, payable in Paris, sells in London for £100 or £1,000, and *vice versa*. It is but seldom, however, that the coins of any country correspond exactly with their mint standard. Unless when newly issued, they are either more or less worn; and whenever this defect becomes sensible, an allowance corresponding to the difference between their actual value and their mint value is made in estimating "the sum of the existing currency of either of two countries which contains precisely the same quantity of bullion as is contained in a given sum of the other." Thus, if our pound sterling were so worn, clipped, or rubbed, as not to contain so much bullion as 25 fr., but ten per cent. less, the exchange between London and Paris would be at real par when it was nominally ten per cent. against London;[1] and if, on the other hand, the pound sterling were equal to its mint standard, while the franc was ten per cent. less, it would be at par when it was nominally ten per cent. against Paris and in favour of London. If the currencies of both countries were equally reduced below the standard of their respective mints, there would obviously be no variation of the par. But whenever the currency of countries trading together is unequally depreciated, the exchange is nominally in favour of that country whose currency is least, and nominally against that whose currency is most, depreciated.

It is almost unnecessary to refer to examples to show the practical operation of this principle; and we shall content ourselves with selecting the following, from an infinite number of equally conclusive instances.

[1] It is necessary to observe, that it is here supposed that the clipped or degraded money exists in such a degree of abundance as only to pass current at its bullion value. If the quantity of clipped money were *sufficiently limited*, it might, notwithstanding the diminution of weight, pass current at its mint value; and then the par would have to be estimated, not by its relative weight to foreign money, but by the mint price of bullion. This principle must be constantly kept in view.

Previously to the great re-coinage in the reign of William III., silver being at the time legal tender, the exchange between England and Holland, calculated by the standard of their respective mints, was nominally twenty-five per cent. against England. Inasmuch, however, as English silver coins were then, owing to rubbing and clipping, depreciated more than twenty-five per cent. below their mint value, the real exchange was probably at the time in our favour. And the circumstance of the nominal exchange having become favourable to us as soon as the new coin was issued, tends to confirm this conjecture.[1]

The guinea was so much worn and degraded, previously to the gold recoinage in 1774, as to be from 2 to 3 per cent. under its standard weight. Inasmuch, however, as the coins then circulating in France were nearly of their standard weight and purity, the exchange between London and Paris was nominally from 2 to 3 per cent. against the former. We say *nominally*, for as soon as guineas of full weight were issued, the exchange rose to par.

The Turkish government, during the past century, has made successive reductions in the value of its coin. Before the first of these in 1770, the *piastre* contained nearly as much silver as the English *half-crown;* and, in exchange, the par was estimated at *eight* piastres to the pound sterling. But, in the interval, the degradation in the value of the piastre has been such that it is now worth only about 2¼d.; and the exchange is said to be at par when Constantinople gives about 109 piastres for £1 sterling. It is needless almost to say, that the nominal exchange, estimated by the old *par* of eight piastres to £1, became more and more unfavourable to Turkey with every successive enfeeblement of the coin, though it is doubtful whether the real exchange, or that depending on the balance of payments, was not all the while in her favour.

When one country uses gold as the standard of its currency, and another silver, the par of exchange between them is affected by variations in the relative values of these metals.

[1] Wealth of Nations, p. 210.

When gold rises as compared with silver, the exchange becomes nominally favourable to the country which has the gold standard, and *vice versa*. And hence, in estimating the par of exchange between countries using different standards, it is always necessary to inquire into the comparative values of the metals selected for standards.

"For example," to use the words of Mr Mushet, "if 34 schillings 11 grotes and $\frac{1}{4}$ of Hamburg currency be equal in value to a pound sterling, or $\frac{20}{21}$ of a guinea, when silver is at 5s. 2d. per oz., they can no longer be so when silver falls to 5s. 1d. or 5s. an oz., or when it rises to 5s. 3d. or 5s. 4d.; because a pound sterling in gold being then worth more or less silver, is also worth more or less Hamburg currency.

"To find the real par, therefore, we must ascertain what was the relative value of gold and silver when the par was fixed at 34s. $11\frac{1}{4}$g. Hamburg currency, and what is their relative value at the time we wish to calculate it.

"For example, if the price of standard gold was £3, 17s. $10\frac{1}{2}$d. per oz., and silver 5s. 2d., an ounce of gold would then be worth 15·07 ounces of silver, and twenty of our standard shillings would then contain as much pure silver as 35s. 11 grotes and $\frac{1}{4}$ Hamburg currency. But if the ounce of gold were £3, 17s. $10\frac{1}{2}$d., and silver 5s. (which it was on 2d January 1798), the ounce of gold would then be worth 15·57 ounces of silver. If £1 sterling at par, therefore, be worth 15·07 ounces of silver, then at 15·57 it would be at three per cent. premium; and three per cent. premium on 34s. $11\frac{1}{4}$d. is 1 schilling 1 grote and $\frac{9}{10}$, so that the par, when gold is to silver as 15·57 to 1, will be 36 schillings 1 grote and $\frac{1}{10}$. The above calculation will be more easily made by stating, as $15{\cdot}07 : 34\text{-}12\frac{1}{4} :: 15{\cdot}57 : 36\text{-}1\frac{1}{10}$."[1]

As it is their intrinsic worth in bullion which determines the value of coins in exchange transactions, those of equal weight and purity are reckoned equivalent to each other,

[1] An Inquiry into the Effects produced on the National Currency by the Bank Restriction Bill, etc., 2d edit., p. 94.

though some of them may have been coined at the expense of the state, and others charged with a duty or seignorage on their coinage. The latter may, if not issued in excess, pass current in the country in which they are coined for their value in bullion *plus* the duty;[1] but they will not pass anywhere else, except at their bullion value.[2]

But the principal source of fluctuations in the nominal price of bills of exchange, is to be found in the varying value of the *paper* currency of commercial countries. The disorders which arose in remoter ages from diminishing the bullion contained in coins of the same denomination, are now reproduced in another form, and often to a still more ruinous extent, in the depreciation of paper currency.

The impossibility of retaining a comparatively large quantity of coin or bullion, or of paper convertible into coin, in a particular country, limited the issues of the Bank of England previously to the Restriction Act of 1797; and it has equally limited them since the resumption of specie payments in 1821, and sustained the value of our currency on a level with gold. When the Bank starves the circulation, or issues less paper than is necessary, bullion is imported, sent to the mint to be coined, and thrown upon the market. And when, on the other hand, the Bank issues too much paper, and thereby depresses its value relatively to gold, it becomes profitable to demand payment of its notes, and to export the specie thus obtained either as coin or as bullion. In this way the vacuum is filled up when bank-notes are deficient, the excess removed when they are redundant, and the value of the currency preserved nearly equal.

[1] *Ante*, p. 26.

[2] Previously to 1817, no seignorage had for a very long period been deducted from either the gold or silver coins of Great Britain; but in the great recoinage of that year, the value of silver was raised from 5s. 2d. to 5s. 6d. an ounce, or nearly in the proportion of 6½ per cent. The gold coins, however, are still coined free of expense, and no variation has been made in their standard. The proportion of silver to gold in the coins is now as $14\frac{2857}{10000}$ to 1: but their proportion to each other according to their mint valuation, is as $15\frac{2000}{10000}$ to 1.

But, from 1797 down to 1821, this principle was suspended. During that period, the Bank was relieved from the obligation to pay her notes in gold; while, owing to their being made legal tender, their circulation was insured. Hence, their value exclusively depended (as shown in the previous treatise) on the extent to which they were issued compared with the demand.

There is no difference, in its influence over the exchange, between a degraded metallic and a depreciated paper currency. And when a country with either the one or the other has any dealings with another whose currency is of its full value, the exchange is nominally against her to the extent of the degradation or depreciation. The nominal exchange between any two or more places, is, in fact, always adjusted according to the values of their currencies, being most favourable to that whose currency approaches nearest to its standard, and most unfavourable to that whose currency is most degraded or depreciated.

The intercourse between Great Britain and Ireland, subsequently to the restriction on cash payments in 1797, furnishes some striking proofs of the effect which inordinate issues of paper have in depressing the exchange.

The nominal value of the Irish shilling being raised in 1689 from 12d. to 13d.,[1] £108, 6s. 8d. Irish money became equal to only £100 of British money, so that the exchange between Great Britain and Ireland was said to be at par when it was nominally $8\frac{1}{3}$ per cent. against the latter. In the *eight* years previous to 1797, when the paper currency of both countries was convertible into gold, the exchange between London and Dublin fluctuated from $7\frac{1}{2}$ to 9 per cent., that is, from $\frac{5}{6}$ per cent. in favour of Dublin to $\frac{2}{3}$ per cent. against it. In September 1797 it was at 6 per cent., or $2\frac{1}{3}$ per cent. in favour of Dublin. The amount of Bank of

[1] By a proclamation of James II. The arrangement was continued by the revolutionary government, and was confirmed by proclamation, 29th September 1737. But in 1825 the currencies of Great Britain and Ireland were assimilated.

Ireland notes in circulation in January 1797 was only £621,917; whereas in April 1801 they had increased to £2,286,471, and the exchange was then at 14 per cent., or $5\frac{2}{3}$ per cent. against Dublin. In 1803, the Bank of Ireland notes in circulation averaged £2,707,956, and in October that year the exchange was quoted at 17 per cent., that is, $8\frac{2}{3}$ per cent. against Dublin!

The fact of the exchange between London and Dublin having fluctuated so little from par for the eight years previously to the restriction, shows that the circulating medium of Great Britain and Ireland had then been adjusted nearly according to the wants of the two countries. But, in these circumstances, it was evidently impracticable, supposing the value of British currency to remain nearly stationary, that the amount of Irish bank paper could be more than quadrupled in the short space of six years, without rendering the currency of Ireland redundant, and sinking its value below that of England. Had the Bank of England increased its notes in something like the same ratio as the Bank of Ireland, then, as the currency of both countries would have been equally depreciated, the exchange between London and Dublin would have continued at par. While, however, the notes of the Bank of Ireland were increased from £621,917 to £2,707,956, or in the proportion of 1 to 4·3, those of the Bank of England were only increased from £9,181,843 (their number on 7th January 1797), to £16,505,272, or in the proportion of 1 to 1·8. But for this addition to its issues by the Bank of England, the exchange, it is plain, would have been still more unfavourable to Dublin.

In the debates on the Bullion Report, it was contended that the increase of Bank of Ireland paper could not have been the cause of the unfavourable exchange upon Dublin, seeing that it had again become favourable after the issues of the Bank of Ireland had been still further increased. But to give this reasoning the least weight, it should have been shown that the currency of Great Britain retained its value in the interim, or that it had not been depreciated to the same extent as that of Ireland. For it is obvious that the depre-

ciation of Irish bank paper might go on subsequently to 1804, and yet, if English bank paper were depreciated still more rapidly, the exchange would become more in favour of Dublin. This is merely supposing the circumstances which took place in the first six years of the restriction to be reversed in the second six. Let us inquire how the fact stands.

We have seen that, in 1803, when the exchange was nominally 10 per cent. against Dublin, the issues of the Bank of England amounted to £16,505,272, and those of the Bank of Ireland to £2,707,956. And by referring to the accounts of the issues of the latter from 1797 to 1819, published by authority, it is seen that, in 1805-1808, they were rather diminished; and that, in 1810, they amounted to only £3,251,750, being an increase of not more than £543,794 in the space of seven years, or at the rate of $2\frac{6}{7}$ per cent. per annum; but in the same period (from 1803 to 1810) the issues of the Bank of England were increased from £16,505,272 to £22,541,523, or at the rate of 5 per cent. per annum. And this is not all. According to Mr Wakefield[1] there were *fifty* registered bankers in Ireland in 1804, and only *thirty-three* in 1810, of which fourteen were new houses, thirty-one of the old establishments having disappeared; and, "I believe," says Mr Wakefield, "for the most part failed." This extraordinary diminution of the country paper of Ireland, for the reduction of the issues was at least proportional to the reduction in the number of banks, could not fail greatly to raise its value, and to countervail a corresponding increase in the issues of the national bank. Now, the reverse of all this took place in Britain. In 1800 there were 386 country banks in this country; and in 1810, this number, instead of being diminished as in Ireland, had increased to 721, having at least three times the number of notes in circulation in the latter as in the former period!

It appears, therefore, that when, in the period between 1797 and 1804, the amount of paper in circulation in Ireland

[1] "Account of Ireland," vol. ii. p. 171.

was increased, and its value depressed, faster than in England, the exchange between London and Dublin became proportionally unfavourable to the latter; and, on the other hand, it appears, that when, in the six years subsequent to 1804, the paper currency of England was increased more rapidly than that of Ireland, its relative value was diminished, and the *nominal* exchange became more favourable to Dublin.

This is sufficiently conclusive. But there is still better evidence to show that the unfavourable exchange of Dublin upon London, in 1802, 1803, 1804, etc., was entirely owing to the comparative redundancy or depreciation of Irish bank paper. The linen manufacturers and weavers, with the majority of the other inhabitants of a few counties in Ulster, being, at the period of the restriction, strongly disaffected towards government, very generally refused to receive bank-notes in payment either of commodities or wages. The landlords having also stipulated for the payment of their rents in specie, a gold currency was maintained in the northern long after it had been banished from the southern parts of Ireland. If, therefore, the depression of the exchange between London and Dublin had been occasioned, as many contended, by an unfavourable balance of trade between Ireland and Great Britain, or by remittances from the former on account of absentees, it would have been equally depressed between London and the commercial towns in the northern counties. But so far was this from being the case, that in December 1803, when the exchange of Dublin on London was at $16\frac{1}{4}$ per cent., that of Belfast on London was at $5\frac{1}{4}$; or, in other words, at the very time that the exchange between Dublin, which had a paper currency, and London, was about 8 per cent. against Ireland, the exchange between Belfast, which had a gold currency, and London, was about 3 per cent. in its favour. And this is not all: For, while there was a difference of 11 per cent. in the rate of exchange between Dublin and London, and Belfast and London, the inland exchange between Dublin and Belfast was about 10 per cent in favour of the latter; that is, bills drawn in Dublin, and payable in the gold currency of Belfast, brought a premium of 10 per

cent., while bills drawn in Belfast, and payable in the paper currency of Dublin, sold at 10 per cent. discount![1]

It is unnecessary to refer to the history of the French *assignats*, or of the paper currency of the continental powers generally, and of the United States, to corroborate what has been advanced. Such of our readers as wish for farther information upon these points may have recourse to the fourth volume of the "Cours d'Economie Politique" of M. Storch,[2] where they will find an instructive account of the influence of inordinate issues of paper on the price of bullion and the exchange, in almost every country of Europe. They are, in every case, similar to those now stated.

It only remains to determine the influence of fluctuations in the *nominal* exchange over exports and imports.

When the exchange is at par, the operations of the merchant are regulated entirely by the difference between foreign prices and home prices. He imports such commodities as sell at home for so much more than they cost abroad as will indemnify him for freight, insurance, etc., and yield, besides, an adequate remuneration for his trouble, and for the capital employed in the business; and he exports those whose price abroad is sufficient to cover all expenses, and to afford a similar profit. But when the *nominal* exchange becomes unfavourable to a country, the premium which its merchants receive on foreign bills has been said to enable them to export with profit, in cases where the difference between the price of the exported commodities at home and abroad might not be such as to permit their exportation with the exchange at par. Thus, if the *nominal* exchange were 10 per cent. against this country, a merchant who had consigned goods to his agent abroad, would receive a premium of 10 per cent. on the sale of the bill; and if we suppose freight, insurance, mercantile

[1] Farther information on this subject may be obtained from the Report, 1804, of the Committee of the House of Commons upon the state of the circulating paper in Ireland, its specie, etc.; from Sir Henry Parnell's pamphlet on the same subject; and from the pamphlets of Lord King, Huskisson, etc.

[2] Paris, 1823, 4 vols. 8vo.

profit, etc, to amount to 6 or 7 per cent., it would at first sight appear as if we might, in such circumstances, export commodities, although their price at home were 3 or 4 per cent. higher than in other countries. If, on the other hand, the *nominal* exchange were in our favour, or if bills *on* this country sold at a premium, it would appear as if foreigners would then be able to consign goods to our merchants, or the latter to order goods from abroad, when the difference of real prices would not of itself lead to an importation.

But a very little consideration will suffice to show that fluctuations in the *nominal* exchange have no such effects. That fall in the value of the currency which renders the exchange unfavourable, and causes foreign bills to sell at a premium, equally increases the price of commodities. And hence, however great, the premium which exporters gain by selling bills on their correspondents abroad, merely indemnifies them for the enhanced price of the goods exported. In such cases, mercantile operations are conducted precisely as they would be were the exchange really at par; that is, by a comparison of real prices at home and abroad, meaning by real prices, the prices at which commodities would be sold provided there were no depreciation of the currency. If these admit of exportation or importation with a profit, the circumstance of the nominal exchange being favourable or unfavourable will make no difference whatever on the transaction.

"Suppose," says Mr Blake, who has very successfully illustrated this part of the theory of exchange, "the currencies of Hamburg and London being in their due proportions, and therefore the *nominal* exchange at par, that sugar, which, from its abundance in London, sold at £50 per hogshead, from its scarcity at Hamburg would sell at £100. The merchant in this case would immediately export. Upon the sale of his sugar, he would draw a bill upon his correspondent abroad for £100, which he could at once convert into cash by selling it in the bill market at home, deriving from this transaction a profit of £50, under deduction of the expenses of freight, insurance, commission, etc. Now, suppose no alteration in the scarcity or abundance of sugar in London

and Hamburg, and that the same transaction were to take place after the currency in England had been so much increased that the prices were doubled, and, consequently, the *nominal* exchange 100 per cent. in favour of Hamburg, the hogshead of sugar would then cost £100, leaving apparently no profit whatever to the exporter. He would, however, as before, draw his bill on his correspondent for £100; and, as foreign bills would bear a premium of 100 per cent., he would sell this bill in the English market for £200, and thus derive a profit from the transaction of £100 depreciated, or £50, estimated in undepreciated currency,—deducting, as in the former instance, the expense of freight, insurance, commission, etc.

"The case would be precisely similar, *mutatis mutandis*, with the importing merchant. The unfavourable *nominal* exchange would appear to occasion a loss amounting to the premium on the foreign bill which he must give in order to pay his correspondent abroad. But if the difference of *real* prices in the home and foreign markets were such as to admit of a profit upon the importation of produce, the merchant would continue to import, notwithstanding the premium; for that would be repaid to him in the advanced *nominal* price at which the imported produce would be sold in the home market.

"Suppose, for instance, the currencies of Hamburg and London being in their due proportions, and therefore the *nominal* exchange at par, that linen, which can be bought at Hamburg for £50, will sell here at £100. The importer immediately orders his correspondent abroad to send the linen, for the payment of which he purchases at £50 a foreign bill in the English market; and, on the sale of the consignment for £100, he will derive a profit amounting to the difference between £50 and the expense attending the import.

"Now, suppose the same transaction to take place without any alteration in the scarcity or abundance of linen at Hamburg and London, but that the currency of England has been so augmented as to be depreciated to half its value, the *nominal* exchange will then be 100 per cent. against England, and the importer will not be able to purchase a £50 foreign bill for less than £100. But as the prices of commodities here will

have risen in the same proportion as the money has been depreciated, he will sell his linen to the English consumer for £200, and will, as before, derive a profit amounting to the difference between £100 depreciated, or £50 estimated in undepreciated money, and the expenses attending the import.

"The same instances might be put in the case of a favourable exchange; and it would be seen, in the same manner, that *nominal* prices and the *nominal* exchange being alike dependent on the depreciation of currency, whatever apparent advantage might be derived from the former would be counterbalanced by a loss on the latter, and *vice versa*." [1]

It appears, therefore, that fluctuations in the *nominal* exchange have no effect on trade. A fall in the exchange obliges the country to which it is unfavourable to expend a greater *nominal* sum in discharging a foreign debt than would otherwise be necessary; but it does not oblige it to expend a greater real value. The depression of the *nominal* exchange can neither exceed nor fall short of the comparative depreciation of the currency. If British currency were depreciated 10 or 15 per cent., the *nominal* exchange would be 10 or 15 per cent. against us; and we should be compelled, in all transactions with foreigners, to give them 22s. or 23s. for what might otherwise have been procured for 20s. But as neither 22s. nor 23s. of such depreciated paper is more valuable than 20s. of paper undepreciated, payment of a foreign debt would, it is evident, be as easily made in the one currency as in the other; and mercantile transactions would, in such circumstances, be conducted exactly as they would have been had there been no depreciation, and the *nominal* exchange at par.

Sect. II.—*Real Exchange.*

Having thus endeavoured to trace the influence which variations in the value of currencies have over the exchange, we proceed to consider how far it is influenced *by fluctuations in the supply and demand for bills*. To facilitate this inquiry,

[1] Observations, etc., p. 48.

we shall exclude all consideration of changes in the value of money; and suppose the currencies of the different countries having an intercourse together to be equal in weight and purity to their mint standards, and that each has its proper supply of bullion.

When two nations trade together, and each purchases of the other commodities of the same value, their debts and credits are equal, and the real exchange is, of course, at par. But it rarely happens that the debts reciprocally due by any two countries are equal. There is almost always a balance owing on one side or other, which affects the exchange. If, for example, the debts due by London to Paris exceed those due by the former to the latter, the demand in London for bills on Paris will be greater than the demand in Paris for bills on London; and the *real* exchange will, consequently, be in favour of Paris and against London.

The expense of transferring bullion from one country to another limits the range within which the rise and fall of the real exchange between them is confined. In this respect, as in most others, transactions between foreign countries depend on the same principles which govern those between different parts of the same country. We have already seen that the fluctuations in the real exchange between London and Glasgow cannot exceed the expense of transmitting money between those cities. And this principle holds universally. Whatever may be the expense of transmitting bullion, which is the money of the commercial world, between London and Paris, London and Hamburg, New York, etc., the real exchange of the one on the other cannot, for any considerable period, be depressed to a greater extent. No merchant will pay a higher premium for a bill to discharge a debt abroad, than will suffice to cover the expense of transmitting bullion to his creditor.

Hence it appears that whatever obstructs or fetters the intercourse among different countries, proportionally widens the limits within which fluctuations in the *real* exchange may extend. And hence the reason why it varies so much more in war than in peace. The amount of the bills drawn

on a country engaged in hostilities is liable, from various causes, to be suddenly increased; though, whatever may be the amounts thus thrown upon the market, the depression of the exchange cannot, for any length of time, exceed the expense of conveying bullion from the debtor to the creditor country. But during war this expense, which consists of freight, insurance, etc., is necessarily much augmented. The evidence annexed to the "Report of the Bullion Committee," shows that the cost of conveying gold from London to Hamburg, which, prior to the late war, amounted to 2 or $2\frac{1}{2}$, had increased, in the latter part of 1809, to about 7, per cent.; so that the limits within which fluctuations in the real exchange might range in 1809 were about three times as great as those within which they were confined in 1793.

This principle also accounts for the greater steadiness of the real exchange between closely neighbouring countries. It costs considerably less to transmit bullion from London to Dublin or Paris, than to New York or Petersburg. And, as fluctuations in the *real* exchange are limited by this cost, they may evidently extend proportionally farther between distant places than between such as are contiguous.

We have next to investigate the circumstances which give rise to a favourable or an unfavourable balance of payments, and to appreciate their effects on the real exchange, and on trade in general.

A very great, if not the principal, source of the errors into which merchants, and the majority of writers on exchange, have been betrayed in regard to the balance of payments, appears to have originated in their confounding the sum which imported commodities fetch in the home market, with their cost abroad. It is obviously, however, by the amount of the latter only, that the balance of payments, and consequently the *real* exchange, is influenced. A cargo of corn, for example, which cost £3,000 free on board at Odessa, may be worth £4,500 when imported into England; but the foreign merchant would not, unless he imported the corn, be entitled to draw on London for more than its original

cost, or £3,000. It is clear, therefore, on the slightest consideration, that the fact of the imports being more valuable than the exports, does not authorise the conclusion that the balance of payments is unfavourable. A favourable or an unfavourable balance depends entirely on the sum due *to* foreigners for imported commodities being less or more than the sum due *by* them for commodities purchased from us. It has nothing to do with the prices eventually obtained for the imported or exported commodities.

The *mercantile* system of commercial policy, which continues to preserve a powerful influence in most European countries, and in the United States, had for its grand object the creation of a favourable balance of payments, by facilitating exportation and restricting importation. It is foreign to our purpose to make any inquiry in regard to the principles of this system, except in so far as they are connected with exchanges. But we hope to be able to show, in opposition to the commonly received opinions, that, under ordinary circumstances, the value of the imports always exceeds the value of the exports; and that this excess or balance has not, speaking generally, any tendency to render the real exchange unfavourable.

It is the business of the merchant to carry the products of different countries from those places where their value is least, to those where it is greatest; or, which is the same thing, to distribute them according to the effective demand. There could, however, be no motive to export any article, unless that which was to be imported in its stead were of greater value. When an English merchant orders a quantity of Polish wheat, he supposes it will sell for so much more than its price in Poland as will suffice to pay the cost of freight, insurance, etc., and to yield, besides, the ordinary rate of profit on the capital employed in the business. If the wheat did not sell for this much, its importation would be productive of loss. Merchants never export, but in the view of importing more valuable products. Instead of an excess of exports over imports being any criterion of an advantageous commerce, it is quite the reverse. And the truth is, notwithstanding all that has been said and written to the con-

trary, that unless the value of the imports exceeded that of the exports, foreign trade could not be carried on. Were this not the case—were the value of the exports always greater than that of the imports, there would be a loss on every transaction with foreigners, and the trade with them would either not be undertaken, or, if begun, would be speedily relinquished.

In England, the rates at which exports and imports are officially valued were fixed so far back as 1696. The very great alteration which has since taken place in the value of money, and in the cost of the greater number of the commodities of this and other countries, has rendered this official valuation, though valuable as a means of determining their quantity, of no use whatever as a criterion of the true value of the imports and exports. To obviate this defect, accounts of the *real* or *declared* value of the exports, prepared from the declarations of the merchants, are annually laid before Parliament. There is, however, no such account of the imports; and it is, perhaps, impossible to frame one with anything like accuracy. It has also been alleged, and apparently with some foundation, that merchants have frequently exaggerated the value of articles entitled to drawbacks. But the extension and improvement of the warehousing system, and the decrease in the number of drawbacks, has materially lessened whatever fraud or inaccuracy may have arisen from that source. The declared value of the exports may now be considered as pretty near the truth, at least sufficiently so for all practical purposes.

If perfectly accurate accounts could be obtained of the values of the exports and imports, there can be no manner of doubt that in all ordinary years the latter would considerably exceed the former. The value of an exported commodity is estimated when it is shipped, before its value is increased by the expense incurred in transporting it to the place of its destination; whereas the value of the commodity imported in its stead is estimated after it has arrived at its destination, and been enhanced by the charges on account of freight, insurance, importer's profits, etc.

It is of little importance, in so far at least as the interests of commerce are concerned, whether a nation carries its own imports and exports, or employs others. A carrying nation appears to derive a comparatively large profit from its commercial transactions. But this excess of profit is seldom more than a fair remuneration for the capital it employs, and the risk it incurs, in transporting commodities. Were the trade between this country and France wholly carried on in British bottoms, our merchants, in addition to the value of the exports, would also receive the cost of their carriage to France. This, however, would be no loss to the French. They must pay the freight of the commodities they import. And if the English sail ships on cheaper terms than their own countrymen, there is no good commercial reason, though there may be others of a different kind, why they should not employ them in preference.

In the United States the value of the imports, deduced from the custom-house returns, almost always exceeds the value of the exports.[1] And though our practical politicians have been accustomed to consider the excess of exports over imports as the only sure criterion of an advantageous commerce, "it is nevertheless true, that the real gain of the United States has been nearly in proportion as their imports have exceeded their exports."[2] The great excess of imports into the Union is in part occasioned by the Americans generally exporting their own surplus produce, and receiving from foreigners not only an equivalent for the exports, but also for the cost of their conveyance to their markets. "In 1811," says the author just quoted, "flour sold in America for 9 dol. 50 cents per barrel, and in Spain for 15 dol. The value of the cargo of a vessel carrying 5,000 barrels of flour would, therefore, be estimated, at the period of its exportation, at 47,500 dol.; but as this flour would, because of freight, insurance, exporter's profits, etc., sell in Spain for 75,000 dol., the American mer-

[1] Such was always the case till the late extraordinary export of gold from California.

[2] Pitkin on the Commerce of the United States. 2d ed. p. 280.

chant would be entitled to draw on his agent in Spain for 27,500 dol. more than the flour cost in America, or than the sum for which he could have drawn had the flour been exported on account of a Spanish merchant. But the transaction would not end here: the 75,000 dol. would be vested in some species of Spanish or other European goods fit for the American market; and the freight, insurance, etc., on account of the return cargo would perhaps increase its value to 100,000 dol.; so that, in all, the American merchant might have imported commodities worth 52,500 dol. more than the flour originally sent to Spain." It is as impossible to doubt that this transaction is advantageous, as it is to doubt that its advantage consists in the value of the imports exceeding that of the exports. And it is clear that America might have the balance of payments in her favour, though such transactions as the above were multiplied to any conceivable extent.

Instead, therefore, of endeavouring to limit the trade with countries from which we should otherwise import more than we exported, we should give it every possible facility. Every man considers that market as the best in which he obtains the highest price for his goods. Why then exclude him from it? Why compel a merchant to sell a cargo of muslin, iron, etc., for £10,500, rather than £11,000 or £12,000? The wealth of a state is made up of the wealth of individuals. And we have yet to learn that any more effectual method of increasing individual wealth can be devised than to permit buying in the cheapest and selling in the dearest markets.

It would be difficult to estimate the mischief which absurd notions relative to the balance of trade have occasioned in most commercial countries. They have been particularly injurious to Great Britain. The restrictions imposed on the trade with France, originated in the prevalence of prejudices to which they gave rise. The great, and indeed the only, argument insisted on by those who prevailed on the legislature to declare the French trade a *nuisance*,[1] was founded on the alleged fact, that the value of the imports from

[1] Prohibition Act. 1st William and Mary.

France considerably exceeded the value of the exports to her. The balance was termed a tribute paid by England; and it was sagaciously asked, what had we done that we should be obliged to pay so much money to our natural enemy? Those considerate and patriotic persons seem to have supposed that our merchants brought commodities from France, for no better reason than that they were French, or to oblige that ingenious people. But they were not quite so disinterested. They imported French wines, silks, and so forth, for the same reasons that they imported the sugar of the West Indies, the teas and spices of the East, and the timber of the Baltic, that is, because there was a demand for them, and because they were worth more in our markets than the native products exported in their stead. The reason assigned for prohibiting the trade affords a conclusive proof of its having been highly advantageous. And there cannot be a doubt, that an unlimited freedom of intercourse between the two countries would be of great service to both. Supposing it to be so arranged, does any one imagine that we should export or import any commodity to or from France, provided we could either sell or buy it on better terms anywhere else? If restrictions on the trade with any particular country be not injurious, that is, if it be either a losing or a less advantageous trade than that with other countries, we may be assured that the throwing it completely open would not make a single individual engage in it.

Everybody knows that these conclusions are not only theoretically true, but have been practically verified. The abolition of the discriminating duty on French wines, the reduction of the exorbitant duty on brandy, the repeal of the prohibition against importing silks, and the opening of our ports to French corn and flour, have all been advantageous. And though it be true that the prejudices of the French, and the high duties which they continue to impose on most articles of British produce, confine the trade within comparatively narrow limits, they have not made it unprofitable, and are more injurious to themselves than to us. It is a curious fact, that notwithstanding the great amount of our imports from France, and our expenditure in that country on

account of absentees, the state of the exchange shows that the balance of payments is usually in our favour.

But the partisans of the exclusive or mercantile system may perhaps say, that they do not mean to contend that it is profitable to export more than is imported; but that, by exporting an excess of raw and manufactured produce, the balance of payments is rendered favourable, and that this balance (which they regard as representing the entire nett profit made by the country on its transactions with foreigners) is always paid in bullion.

It may, however, be easily shown that this statement is altogether erroneous; that a balance, whether on the one side or the other, is seldom or never cancelled by means of bullion; and that it is not a measure, and has, indeed, nothing to do with the profit or loss attending foreign commercial transactions.

If the premium on foreign bills, in a country with an unfavourable real exchange, be less than the cost of sending bullion abroad, it would be contradictory to suppose that it should be exported. And though the premium on such bills were to increase, till it become equal to, for it cannot exceed, the cost of exporting the precious metals, it does not follow that they will then be exported. That would depend on whether bullion were, at the time, the cheapest exportable commodity; or, in other words, whether a remittance of bullion was the most advantageous way in which a debt might be discharged. If a London merchant owe £1,000, or other sum, in Paris, he endeavours to find out the cheapest method of paying it. On the supposition that the *real* exchange is 2 per cent. below par, and that the expense of remitting bullion is also 2 per cent., it will be indifferent to him whether he pay £20 of premium for a bill of £1,000, payable in Paris, or incur an expense of £20 in remitting £1,000 worth of bullion direct to that city. If the prices of cloth in Paris and London be such, that it would require £1,030 to purchase and send as much cloth to Paris as would sell for £1,000, he would no doubt prefer buying a bill or exporting bullion. But if, by incurring

an expense of £1,010, the debtor may send as much hardware or cotton to Paris as would sell for £1,000, he would as certainly prefer paying his debt by exporting the one or the other. It would save him 1 per cent. more than if he bought a foreign bill or remitted bullion, and 2 per cent. more than if he exported cloth. Had there been any other commodity which might have been exported with more advantage, he would have used it in preference.

It is obvious, therefore, that the trade in bullion is governed by the same principles which govern the trade in other things. It is exported when its exportation is advantageous; that is, when it is less valuable at home, and more valuable abroad, than anything else; and it cannot be otherwise exported. The balance of payments might be twenty or thirty millions against a country, without depriving it of a single ounce of bullion. No merchant would remit £1,000 worth of gold or silver from England to discharge a debt in Paris, if he could invest £970, £980, £990, or any sum under £1,000, in any other species of merchandise which, exclusive of expenses, would sell in France for that amount. Those who deal in the precious metals are as much alive to their interests, as those who deal in coffee, or sugar, or indigo. But who would attempt to discharge a foreign debt by exporting coffee which cost £100, if he could effect the same object by exporting indigo which cost only £95? No bullion will ever be exported unless its value be less in the exporting country than in that to which it is sent; and unless it be, at the same time, the most advantageous article of export.

2. It is in vain to contend that an unrestricted freedom of trade might render some unfortunate country indebted to another, so happily situated that it had no demand for any sort of ordinary merchandise, and would only accept of cash or bullion in exchange for its exports. A case of this sort never did, and never will, occur. It is not even possible. A nation which is in want of money must be in want of other things; for men desire money only because it is the readiest means of increasing their command over necessaries and en-

joyments. The extreme variety, too, in the soils and climates —in the machinery, skill, and industry of the people of different countries—occasion extraordinary differences in their products and their prices. Some articles of the highest utility are peculiar to certain districts. And there will ever be a demand, not only for such articles, but also for those which, though they may be produced at home, may be imported of a better quality, or at a lower price. Nor, till the passion of accumulation be banished from the human breast, will there cease to be a desire to send commodities from places where their exchangeable value is least, to those where it is greatest.

3. In treating of the *nominal* exchange, we endeavoured to show that no single country can continue, for any length of time, to import or export a greater amount of bullion than may be necessary to preserve the precious metals in it in their proper relation to those of other countries; or, which is the same thing, to have the *real* exchange either permanently favourable or unfavourable. But though this principle be strictly true in reference to its aggregate exchanges, it may be incorrect if its exchange with one country only be considered. Great Britain, for example, may generally have the exchange in her favour with America, provided she have it generally, and to a nearly equal extent, against her with the East Indies, or some other country. "She may," to use the words of Mr Ricardo, "be importing from the north the bullion which she is exporting to the south. She may be collecting it from countries where it is relatively abundant, for others where it is relatively scarce, or where, from some particular causes, it is in great demand. Spain, who is the great importer of bullion from America, can never have an unfavourable exchange with her colonies; and as she must distribute the bullion she receives among the different nations of the world, she can seldom have a favourable exchange with the countries with which she trades." [1]

On this principle, Lord King successfully accounted for

[1] See "Reply to Mr Bosanquet's Observations on the Report of the Bullion Committee," p. 17.

the favourable exchange between this country and Hamburg, from 1770 to 1799. He showed that the importation of bullion from Hamburg and other parts was not more than equivalent to the exports to the East Indies and the home consumption; that the demand corresponded to the supply; and that its value remained pretty stationary. The extraordinary influx of bullion into this country from the Continent at the æra of the Bank restriction in 1797, and the favourable state of the exchange, were undoubtedly owing to the reduction in the issues of bank paper, and to the diminution of the gold currency caused by the hoarding of guineas. In 1797 and 1798, above *five* millions of guineas were coined at the mint; and this extraordinary demand for gold is of itself abundantly sufficient to account for the very favourable exchange of that period, and for the length of time during which it continued. But, at the same time that the demand for gold bullion for the mint was thus increased, the demand for silver bullion, for export to India, was proportionally augmented. In 1795, the quantity exported by the East India Company and private parties amounted to ..... 151,795 ounces.

In 1796, to	290,777	„
1797,.....	962,880	„
1798,.....3,565,691		„
1799,.....7,287,327		„

From this period the exportation rapidly declined; and, in the years in which the exchange was most unfavourable, little or no silver was sent to India.

Instead, therefore, of the extraordinary importation of bullion from Hamburg in 1797 and 1798 affording, as Mr Bosanquet and others supposed, a practical proof of the fallacy of the opinion of those who contend that it is impossible, for any length of time, to subvert the natural equality in the value of bullion in different countries, it is a striking example of its truth. Without this influx, bullion in this country could not have maintained its proper comparative value. We imported it, because the reduction of the paper currency, and the increased exports of the East India Company, rendered its value higher here than on the Continent: and made it advantageous

for the Continental merchants to send it to us, in the same manner as they would have sent corn, or anything else for which we had an unusual demand. For, however favourable the *real* exchange between Hamburg and London might have been to the latter, we should not have imported an ounce of bullion, had it not been, at the time, the article with which Hamburg could most advantageously discharge her debt to London.

4. In the absence of other arguments, it would be sufficient to state, that it is physically impossible that the excess of exports over imports, as indicated by the custom-house returns, should be paid in bullion. Every country, with the exception of the United States, has its apparently favourable balance; and, of course, if they really existed, they would have to be paid by an influx of bullion from the mines correspondent to their aggregate amount. It is certain, however, that, previously to the late discoveries in California and Australia, the entire produce of the mines, though it had been increased in a *ten-fold* proportion, would have been insufficient for this purpose! This fact is decisive of the degree of credit which ought to be attached to the commonly received opinions on this subject.

5. In the last place, the profit on transactions with foreigners does not consist in the quantity of bullion imported from abroad, but in "the excess of the value of the imports over the value of the exports." If, in return for exported commodities worth ten or twenty millions, we import such as are worth fifteen or thirty, we shall gain 50 per cent. by the transaction, though the exports should consist entirely of bullion, and the imports of corn, sugar, coffee, etc. It is a ridiculous prejudice that would make bullion be imported rather than any other article. But whatever the partisans of the exclusive system may say about its being a preferable product, a *marchandise par excellence*, we may be assured that it will seldom appear in the list of exports or imports, while there is any other thing with which to carry on trade that will yield a larger profit.

Thus it appears that the excess of exports over imports, instead of being any proof of an advantageous commerce, is

distinctly and completely the reverse; that the value of the imports into commercial countries may, and almost always does, exceed the value of their exports, without rendering them indebted to foreigners; and that when a balance of debt has been contracted, that is, when the sum *payable to* foreigners for imports is greater than the sum *receivable from* them for exports, bullion will not be sent from the debtor to the creditor country, unless it be at the time the most profitable article of export.

We have in the previous *section* shown that fluctuations in the nominal exchange have no influence over foreign trade. When the currency is depreciated, the premium which an exporter derives from the sale of bills on his correspondent abroad, is barely equivalent to the increase in the price of the exports, occasioned by the depreciation. But when the premium on foreign bills is not caused by a fall in the value of money, but by a deficient supply of bills, there is no rise of prices, and then the unfavourable exchange undoubtedly operates as a stimulus to exportation. As soon as the *real* exchange diverges from par, the mere inspection of price currents is no longer enough to guide the operations of the merchant. If it be unfavourable, the premium which the exporters receive on the sale of bills must be included in the estimate of the profit they are likely to derive from the transaction. The greater that premium, the less will be the difference of prices necessary to make them export. An unfavourable *real* exchange has, in truth, exactly the same effect on exportation as a bounty equal to the premium on foreign bills.

But for the same reason that an unfavourable *real* exchange increases exportation, it diminishes importation. When it is unfavourable, the prices of foreign products brought to our markets must be so much under their prices here, as not merely to afford, exclusive of expenses, the ordinary profit on their sale, but also to pay the premium which the importer must give for a foreign bill, if he remit one to his correspondent, or for the discount, added to the invoice price, if the latter draw upon him. A less quantity of foreign goods

will therefore suit our markets when the exchange is really unfavourable; and fewer payments having to be made abroad, the competition for foreign bills is diminished, and the exchange rendered proportionally favourable. A favourable *real* exchange, consequently, operates as a duty on exportation and a bounty on importation.

Hence it is obvious that fluctuations in the *real* exchange have a necessary tendency to correct themselves. They can never, for any considerable period, exceed the expense of transmitting bullion from the debtor to the creditor country. And the exchange cannot continue permanently favourable or unfavourable even to this extent. When favourable, it corrects itself by restricting exportation and facilitating importation; and when unfavourable, it produces the same effect by stimulating exportation, and obstructing importation. The true PAR forms the centre of these oscillations. And though the thousand circumstances which daily and hourly affect the state of debt and credit, prevent the ordinary course of exchange from being almost ever precisely at par, its fluctuations, whether on the one side or the other, are confined within certain limits, and have a constant tendency to disappear.

The natural tendency which the exchange has to correct itself is powerfully assisted by the operations of the bill merchants.

England, for example, may owe an excess of debt to Amsterdam, yet, as the aggregate amount of the debts due by a commercial country, is generally balanced by the amount of those which it has to receive, the deficiency of bills on Amsterdam in London will most probably be countervailed by their redundancy in some other quarter. And, it is the business of the merchants who deal in bills, as of those who deal in bullion or any thing else, to buy them where they are cheap, that they may sell them where they are dear. They, therefore, buy up the bills drawn by other countries on Amsterdam, and dispose of them in London; and, by so doing, prevent any great fall in the price of bills on the former in the countries in which their supply exceeds the demand, and any great rise in Great Britain and the countries in which their supply happens to be deficient. In our trade with Italy,

the bills drawn on England generally amount to a greater sum than those drawn on Italy. The bill merchants, however, by buying up the excess of Italian bills on London, and selling them in France, Holland, and other countries indebted to England, prevent the *real* exchange from being much depressed.

An unusual deficiency in the supply of corn, or of any article of prime necessity, by causing a sudden augmentation of imports, materially affects foreign debts and credits, and depresses the exchange. In time of war, the balance of payments is liable to be still further disturbed; the amount of the bills drawn on a country carrying on foreign hostilities, being increased by the whole expense of its armaments abroad, and of subsidies to foreign powers. But neither the conjoined nor separate influence of both or either of these causes has any permanent influence over the exchange. A sudden increase in the accustomed supply of bills must, in the first instance, by glutting the market, occasion their selling at a discount; but this effect will only be temporary. The unusual facilities which are then afforded for exportation, and the difficulties which are thrown in the way of importation, never fail speedily to bring the *real* exchange to par.

During a period of peace we may, in the too great ardour of speculative enterprise, export an excess of produce, overload the foreign market, and occasion such a decline in the prices of our goods abroad, as to make the imports less valuable than the exports with which they have been purchased. But such a state of things can only be of limited duration. The distress of which it is productive, assisted by the fall of the exchange, occasions a diminution of exports. The supply of our commodities in the foreign markets is rendered more nearly commensurate with the demand; till in no long time the value of the imports again exceeds, as it always ought to do, the value of the exports. But when a country has a large foreign expenditure to sustain, its exports are proportionally augmented. Whatever may have been the foreign expenditure of Great Britain during the late war, it is evident it could not be defrayed otherwise than by our annually export-

ing an equal amount of the produce of our land, capital, and labour, for which payment was not received, as in ordinary cases, by a corresponding importation of foreign commodities, but from the treasury at home. This is strictly true, even though the expenditure should have happened to be, in the first instance, discharged by remittances of bullion; for the increased supply of bullion which was thus required could be obtained only by an equally increased exportation of other products to the countries possessed of mines, or from which it was imported. Foreign expenditure, by increasing exports in proportion to its own amount, has no permanent influence over the exchange.

Thus it appears that an excess of exports, instead of being any criterion of increasing wealth at home, is only a certain indication of commercial losses, or of expenditure abroad. "When," says Mr Wheatley, "the exports exceed the imports, as they must do when there is a large foreign expenditure, the equivalents for the excess are received abroad in as full and ample a manner as if the produce which they purchased were actually imported and entered in the custom-house books, and afterwards sent to the seat of war for consumption. But from the circumstance of its not being inserted in the custom-house entries as value received against the produce exported for its payment, the latter is deemed to constitute a favourable balance, when it is in reality exported to liquidate a balance against us."[1]

But how conclusive soever this reasoning may appear, it has been said to be at variance with the fact: and the rise of the exchange at the end of the war, during the suspension of cash-payments, has been appealed to as showing that its previous low rate had not been occasioned by any depreciation of the paper currency, but by the excessive amount of the bills drawn upon this country to defray war expenditure. The statements made in the preceding treatise (p. 73), render it unnecessary to enter into any detailed examination of this opinion. The question is not whether the exchange recovered from its de-

[1] Wheatley "On the Theory of Money," p. 219.

pression during the suspension of cash-payments, for the influence of that measure depended entirely on the use made of it, but whether its recovery took place without the amount of bank paper of all sorts, or of the currency, being diminished? And the statements referred to are decisive upon this point. They show that the currency was very greatly diminished in 1814, 1815, and 1816; and that this diminution occasioned the rise in its value, and in the nominal exchange.

Mr Francis Horner, the chairman of the Committee on the High Price of Bullion, and celebrated for the extent and accuracy of his information on such subjects, made the following statement in regard to this very question in his place in the House of Commons:—

"From inquiries he had made, and from the accounts on the table, he was convinced that a greater and more sudden reduction of the circulating medium had never taken place in any country than had taken place since the peace in this country, with the exception of those reductions that had taken place in France after the Mississippi scheme, and after the destruction of the assignats. The reduction of the currency had originated in the previous fall of the prices of agricultural produce. That fall had produced a destruction of country-bank paper, to an extent which would not have been thought possible, without more ruin than had actually ensued. The Bank of England had also restricted its issues. As appeared by the accounts recently presented, the average amount of its currency was not, during the last year, more than between £25,000,000 and £26,000,000; while two years ago it had been nearer £29,000,000, and at one time even amounted to £31,000,000. But, without looking to the diminution of Bank of England paper, the reduction of the country paper was enough to account for the rise which had taken place in the exchange."

Hence it appears that the rise of the exchange in 1815 and 1816, had nothing, or but little,[1] to do with the cessation of

[1] The real exchange might, probably, be affected to the extent of one or two per cent.

hostilities, and was entirely, or mainly, a consequence of the increased value of the currency, caused by the reduction of its quantity. Instead of being at variance with the principles we have been endeavouring to elucidate, this fact affords a strong confirmation of their correctness. And having been sanctioned by the fullest experience, they may be considered as beyond the reach of cavil and dispute.

An objection of a different sort has been made, to another part of the theory maintained in this *section*, which it may be proper to notice.

When the exchange becomes unfavourable, the premium, procured by the sale of the bill drawn on a foreign merchant to whom bullion has been consigned, is no greater than would be obtained by consigning to him an equivalent amount of coffee, tea, sugar, indigo, etc. An unfavourable *real* exchange permits a merchant to export commodities which could not be exported were it at par, or favourable. But the advantage still remains of exporting those commodities in preference, whose price in the country from which they are sent, compared with their price in that to which they are sent, is lowest. Suppose, for example, that the expense of transmitting bullion from this country to France is *three* per cent., that the *real* exchange is *four* per cent. against us, that the price of bullion is the same in both countries, and that coffee, exclusive of the expenses of carriage, is really worth *four* per cent. more in France than in England. In such a case, it is obvious that the exporters of bullion would realise a profit of only *one* per cent., while the exporters of coffee would realise, inclusive of the premium on the sale of the foreign bill, a profit of *seven* per cent. And hence the opinion maintained by Colonel Torrens,[1] that when the exchange becomes unfavourable, those commodities which contain the greatest value in the smallest bulk, or on which the expense of carriage is least, are exported in preference, appears to have no good foundation. The prices of the commodities which nations trading

[1] Comparative Estimate, etc.

together are in the habit of exporting and importing, are regulated not merely by the cost of their production, but also by the expense of their carriage from where they are produced to where they are consumed. If Great Britain were in the habit of supplying France with cottons and bullion, the average price of cottons in France, because of the expense required to convey them there, would probably be from 5 to 6 per cent. higher than in Britain; while, because of the comparative facility with which bullion may be transported from the one to the other, its value in Paris would not, perhaps, exceed its value here more than 1 per cent. Now, suppose that, when the prices of cottons and bullion in England and France are adjusted according to their natural proportions, the *real* exchange becomes unfavourable to us, it is clear that its fall gives no greater advantage to the exporters of bullion than to those of cottons. The rise in the price of foreign bills does not increase the expense of exporting the one or the other. It leaves the cost of their production and transportation exactly where it found it. During the depression of the exchange, the exporters of both articles get the premium on the bills drawn on their correspondents. But there is no inducement to export bullion in preference to cottons, unless the price of bullion increase more rapidly in France, or decline more rapidly in Great Britain, than that of cottons.

Whatever, therefore, may be the depression of the exchange, the merchant selects those commodities for exportation which, exclusive of the premium, yield the greatest profit on their sale. If bullion be one of these, it will of course be exported; if not, not. But of all commodities, bullion is that of which the value approaches nearest to an equality in different countries, so that it is the least likely to be exported during an unfavourable exchange. The demand for it is comparatively steady, and no great surplus quantity could be imported into one country without reducing, or exported from another without raising, its value, so as to unfit it either for exportation or importation. In most cases a small part only of an unfavourable balance is paid in bullion. The operations of the bullion merchants are chiefly confined to the distribution of

the fresh supplies obtained from the mines, in proportion to the wants of different countries.

In corroboration of this argument, we may mention that it appears, according to the official statement, that the expenses incurred by this country on account of the armies acting in Portugal and Spain during the following years, were as under :—

In 1808,	£2,903,540
1809,	2,450,956
1810,	6,066,021
1811,	8,906,700
1812, 1813,	31,767,794
1814 (estimate),	13,000,000

Of which, according to the same official statement, only the following sums were remitted in coin or bullion :—

In 1808,	£2,861,339
1809,	461,926
1810,	697,675
1811,	748,053
1812, 1813,	3,284,435

Of the sum of *five* millions voted to our allies in 1813 and 1814, not more than £300,000 was sent in bullion, the rest being made up by the exportation of manufactured goods and military stores.[1] The high market price of gold and silver in 1809, 1810, etc., could not, therefore, be owing to the purchases made by Government, for they were not greater than the sums exported by the East India Company in 1798 and 1799, and in 1803, 1804, and 1805, when there was scarcely any perceptible rise in the price of bullion. The immense additions made to the paper currency in 1809, 1810, etc., sunk its value compared with bullion, and were the true cause of the unfavourable *nominal* exchange of that period.

Sect. III.—*Computed Exchange.*

Having thus endeavoured to point out the manner in which variations in the values of the currencies of nations trading

[1] Edinburgh Review, vol. xxvi. p. 154.

together, and in the supply and demand for bills, separately affect the exchange, it now only remains to ascertain their combined effect, or the *computed* or actual course of exchange.

From what has been already stated, it is obvious, that when the nominal and real exchange are both favourable or both unfavourable, the *computed* exchange will express their *sum;* and that when the one is favourable and the other unfavourable, it will express their *difference.*

When, for example, the currency of Great Britain is of the mint standard and purity, while that of France is 5 per cent. degraded, the *nominal* exchange will be 5 per cent. in our favour. But the *real* exchange may, at the same time, be either favourable or unfavourable. If it be, also, favourable to the extent of one, two, three, etc., per cent., the computed exchange will be six, seven, eight, etc., per cent. in our favour. And, on the other hand, if it be unfavourable to the extent of one, two, three, etc., per cent., the *computed* exchange will be only four, three, two, etc., per cent. in our favour. When the *real* exchange is in favour of one country, and the *nominal* exchange equally against it, the *computed* exchange is at par, and *vice versa.*

A comparison of the market with the mint price of bullion affords the best and readiest means by which to ascertain the state of the exchange. When there are no restrictions on the trade in the precious metals, the excess of the market over the mint price of bullion affords an accurate measure of the depreciation of the currency. If the market and mint price of bullion at Paris and London exactly corresponded, then, inasmuch as the real value of bullion must be very nearly the same in both countries, the *nominal* exchange would be at par; and whatever fluctuations the computed exchange might exhibit, must, in such case, be traced to fluctuations in the *real* exchange, or in the supply and demand for bills. If, when the market price of bullion in Paris is equal to its mint price, it exceeds it 2 per cent. in London, it is a proof that our currency is 2 per cent. depreciated, and consequently the *nominal* exchange between Paris and London *must* be 2 per

cent. against the latter. Instead, however, of the *computed* or actual course of exchange being 2 per cent. against London, it may be against it to a greater or less extent, or in its favour. It will be more against it provided the *real* exchange be also unfavourable; it will be less against it provided the *real* exchange be in favour of London, though to a less extent than the adverse *nominal* exchange; and it will be in favour of London, should the favourable *real* exceed the unfavourable *nominal* exchange. Thus, if, while British currency is 5 per cent. depreciated, and French currency at par, the computed or actual course of exchange between Paris and London were 10 or 12 per cent. against the latter, it would show that the *real* exchange was also against this country to the extent of 5 or 7 per cent. And if, on the other hand, the computed exchange were only 2 or 3 per cent. against London, it would show that the *real* exchange was 3 or 4 per cent. in its favour, and so on.

It has been already shown, that, in so far at least as the question of exchange is involved, the differences in the value of bullion in different countries are limited by the expense of its transit from one to another. And hence, by ascertaining whether a particular country exports or imports bullion to or from other countries, we may determine its comparative value in these countries. Suppose, for example, that the expense of conveying bullion from this country to France, including the profits of the bullion dealer, is 1 per cent.; it is clear, inasmuch as bullion is exported only to find its level, that whenever our merchants begin to export it to France, its value there must be at least 1 per cent. greater than in England; and, on the contrary, when they import bullion from France, its value here must be, at least, 1 per cent. greater than in France. In judging of the exchange between any two countries, this circumstance should always be attended to. If no bullion be passing from the one to the other, we may conclude that its value is nearly the same in both; or, at all events, that the difference of its value is not more than the expense of transit. On the supposition that the entire expense, including profit, of conveying bullion from San Francisco to London is

5 per cent., and that London is importing bullion, it is clear, provided the real exchange be at par, and the currency of both cities at their mint standards, that the *nominal*, or, which in this case is the same thing, the *computed* exchange, will be 5 per cent. in favour of London. But if the currency of London be 5 per cent. depreciated, or, in other words, if the market price of bullion at London be 5 per cent. above its mint price, the *computed* exchange between it and San Francisco, supposing the *real* exchange to continue at par, will obviously be at par. It may therefore be laid down as a general rule, that when bullion begins to pass from one country to another, the expense of transit, provided the mint and market price of bullion in the exporting country correspond, will indicate how much the value of bullion in it is below its value in the country into which it is imported, and will be identical with its unfavourable *nominal* exchange; and that, when the market exceeds the mint price of bullion in the exporting country, the expense of transit added to this excess will give the total comparative reduction of the value of the precious metals in that country. The converse of this takes place in the country importing bullion. When its currency is of the mint standard, the expense of transit is the measure of its favourable nominal exchange; but when its currency is relatively redundant or degraded, the difference between the expense of transit and the excess of the market above the mint price of bullion, will measure the extent of the favourable or unfavourable nominal exchange. It will be favourable when the depreciation is less than the expense of transit, and unfavourable when it is greater.

From 1809 to 1815 inclusive, Great Britain continued to export gold and silver to the Continent. During this period, therefore, we must add the expense of its export to the excess of the market over the mint price of bullion, to get at the true relative value of British currency, and the state of the *real* exchange. Mr Goldsmid stated to the bullion committee that, during the last five or six months of 1809, the expense of transporting gold to Holland and Hamburg, including freight, insurance, exporter's profits, etc., varied from 4 to 7

per cent. But at the time that the relative value of bullion in Britain was at $5\frac{1}{2}$ (medium of 4 and 7) per cent. below its value in Hamburg, the market price of gold bullion exceeded its mint price 16 or 20 per cent., or 18 per cent. at an average; so that the currency of this country, as compared with that of Hamburg, which differed very little from its mint standard, was depreciated to the extent of about $23\frac{1}{2}$ per cent. Now, as the *computed* or actual course of exchange varied, during the same period, from 19 to 21 per cent. against London, it is plain that the *real* exchange could not be far from par. Had the *computed* exchange been less unfavourable, it would have shown that the *real* exchange was in favour of London; had it been more unfavourable, it would, on the contrary, have shown that the *real* exchange was against London.

Provided an accurate account could be obtained of the expense attending the transit of bullion from this country to the Continent during the subsequent years of the war, it would, most likely, be found, notwithstanding the extraordinary depression of the *nominal*, that the *real* exchange varied but little from par; and that the exportation of gold and silver was not a consequence of the balance of payments being against us, but of its being advantageous to export bullion, because of its being more valuable on the Continent. None will contend that, in 1809, 1810, etc., gold and silver were so redundant in this country as to sink their relative value. Any such supposition is out of the question. During the period referred to, they were sent abroad, because the depreciation of paper exceeded the cost of the transit of bullion: and it was every body's interest to pay their debts in the depreciated currency, and to export that which was undepreciated to countries where it passed at its full value as coin, or in which bullion was in greater demand. Had our paper currency been sufficiently reduced, the supply of gold in the kingdom in 1809, 1810, etc., compared with the demand which must, under such circumstances, have been experienced, was so very small, that, instead of exporting, we should have imported the precious metals from all parts of the world.

The extraordinary exportation of British goods to the Con-

tinent during the latter years of the war, has been very generally supposed to have been in great measure owing to the depression of the exchange. But, in so far as this depression was occasioned by the redundancy or depreciation of the currency, it could have no such effect. It is impossible, indeed, to form any opinion as to the influence of fluctuations in the *computed* exchange on export and import trade, without previously ascertaining whether they are a consequence of fluctuations in the *real* or *nominal* exchange. It is only by an unfavourable *real* exchange that exportation is facilitated; and it may be favourable when the *computed* exchange is unfavourable. "Suppose," to use an example given by Mr Blake, "the computed exchange between Hamburg and London to be 1 per cent. against this country, and that this arises from a *real* exchange which is favourable to the amount of 4 per cent., and a nominal exchange unfavourable to the extent of 5 per cent.; let the real price of bullion at Hamburg and London be precisely the same, and, consequently, the *nominal* prices different by the amount of the *nominal* exchange, or 5 per cent.; now, if the expenses of freight, insurance, etc., on the transit of bullion from Hamburg are 3 per cent., it is evident that a profit would be derived from the import of that article, notwithstanding the *computed* exchange was 1 per cent. against us. In this case the merchant must give a premium of 1 per cent. for the foreign bill, to pay for the bullion: £100 worth of bullion at Hamburg would therefore cost him £101, and the charges of importation would increase the sum to £104. Upon the subsequent sale, then, for £105 of depreciated currency in the home market, he would derive from the transaction a profit of £1. This sum is precisely the difference between the *real* exchange and the expenses of transit, that part of the *computed* exchange which depends on the *nominal* producing no effect; since whatever is lost by its unfavourable state is counterbalanced by a corresponding inequality of *nominal* prices."[1] In the same manner it may be shown that, though the *computed* be favourable,

[1] Observations, etc., p. 91.

the *real* exchange may be unfavourable; and that, consequently, it may be really advantageous to export, when it is apparently advantageous to import. But it would be tedious to multiply instances, which, as the intelligent reader will readily conceive, may be infinitely varied, and which have been sufficiently explained in the foregoing sections.

The real cause of the extraordinary importation of British produce into the Continent, in 1809, 1810, 1811, etc., notwithstanding the anti-commercial system of Napoleon, is to be found in the annihilation of the neutral trade, and our monopoly of the commerce of the world. The entire produce of the East and West was at our disposal. The Continental nations could neither procure colonial products, nor raw cotton for the purposes of manufacturing, except from England. British merchandise was thus almost indispensable; and to this our immense exportation, in spite of all prohibitions to the contrary, is to be ascribed.

HISTORY AND INFLUENCE OF BILLS OF EXCHANGE.

It is not easy to discover the æra when bills of exchange were first employed to transfer and adjust the mutual claims and obligations of merchants. Their invention has been ascribed to the Arabians and Jews of the middle ages. But it seems certain that they were in use in remote antiquity. Isocrates states that a stranger who brought some cargoes of corn to Athens, furnished a merchant of the name of Stratocles with an order or bill of exchange on a town on the Euxine, where money was owing to him; and, because the person who had drawn the bill had no fixed domicile, Stratocles was to have recourse on a merchant in Athens, in the event of its being protested. The merchant, says Isocrates, who procured this order found it extremely advantageous, inasmuch as it enabled him to avoid risking his fortune on seas covered with pirates, and the hostile squadrons of the Lacedæmonians.[1]

There is also good evidence to show that the method of

[1] De Pauw, "Recherches sur les Grècs," i. 258.

transferring and cancelling the debts of parties residing at a distance by means of letters of credit, which are in effect the same as bills of exchange, was not unknown to the Romans. Cicero, in one of his epistles to Atticus,[1] inquires whether his son must carry cash to defray the expense of his studies with him to Athens, or whether he might not save this trouble and risk by obtaining an assignment for an equivalent sum from a creditor in Rome on his debtor in Athens. It is evident, from a subsequent epistle of Cicero, that the latter method had been preferred, and that the transference of the money had, in consequence, been rendered unnecessary.[2]

Macpherson states,[3] that the first mention of bills of exchange in modern history occurs in 1255. The pope, having quarrelled with Manfred, king of Sicily, engaged, on Henry III. of England agreeing to indemnify him for the expense, to depose Manfred, and raise Henry's second son, Edmund, to the Sicilian throne. The enterprise misgave. But the merchants of Sienna and Florence, who originally advanced the money to carry it into effect, or rather to gratify the pope's rapacity, were paid by bills drawn on the prelates of England, who, although they protested that they knew nothing at all about the transaction, were nevertheless compelled, under pain of excommunication, to pay the bills and interest![4]

Capmany, in his "Memoirs" respecting the Commerce, etc., of Barcelona, gives a copy of an ordonnance of the magistracy, dated in 1394, enacting that bills should be accepted within twenty-four hours after their presentation; a sufficient proof that they were in general use in the end of the fourteenth century.

But whatever be the æra of the introduction of bills of exchange, few inventions have redounded more to the public

[1] Epist. ad Atticum, xii. 24.

[2] Epist. ad Atticum, xii. 27. "De Cicerone, ut scribis, ita faciam: ipsi permittam de tempore: nummorum quantum opus erit ut *permutetur* tu videbis." In his notes on a parallel passage, Grævius remarks, "*Permutatio* est quod nunc barbare *cambium* dicitur."—*Epist. ad Atticum*, xi. 24.

[3] Annals of Commerce, i. 405.

[4] Hume's England, cap. 12.

advantage. Without this simple and ingenious contrivance, commerce could have made no great progress. Had there been no means of adjusting the mutual claims of debtors and creditors otherwise than by the intervention of metallic money (for bank paper is only another species of bills of exchange), a very large portion of that capital which is setting productive labour in motion in every quarter of the globe, and ministering to the wants and enjoyments of mankind, must have been employed in effecting those exchanges which are much better effected by the agency of a few quires of paper. Instead of a perpetual importation and exportation of gold and silver, necessarily attended with an immensity of trouble and expense, bills, possessing little or no intrinsic worth, and which are transferred with the utmost facility, suffice to adjust the most extensive and complicated transactions. But the mere setting free of an immense productive power, engaged in a comparatively unprofitable employment, is only one of the many benefits we owe to the use of bills. By cheapening the instruments by which commerce is carried on, they have materially reduced the prices of most articles. And have, in consequence, increased the command of all classes over necessaries and luxuries, and accelerated the progress of civilisation, by occasioning a more extensive intercourse and intimate connection between different and independent countries, than would otherwise have taken place.

In a political point of view, their effects have been equally salutary. They enable individuals imperceptibly to transfer their fortune to other countries, and to preserve it safe alike from the rapacity of their own governments and the hostile attacks of others. The security of property has, in consequence, been vastly augmented. And though we should concede to the satirist, that paper credit has "lent corruption lighter wings to fly,"[1] it has, at the same time, powerfully contri-

[1] "Blest paper credit! last and best supply!
That lends corruption lighter wings to fly!
Gold, imp'd by thee, can compass hardest things,
Can pocket states, can fetch or carry kings;

buted to render subjects less dependent on the policy, and less liable to be injuriously affected by the injudicious measures of their rulers. In countries in a low stage of civilisation, the inhabitants endeavour, by burying all the gold and silver they can collect, to preserve a part of their property from the despots by whom they are alternately plundered and oppressed. This was universally the case in the middle ages. And in Turkey, India, Persia, and other eastern, and also in some European, countries, the practice is still carried on to a greater or less extent. Some economists have endeavoured to account for the long-continued importation and high value of the precious metals in India, by the loss which necessarily attends the practice of hoarding. And, undoubtedly, this locking up of capital, while it evinces an extreme degree of insecurity, is a main cause of the poverty of these countries. But the security afforded by bills of exchange is infinitely greater than any which can be derived from the barbarous expedient of trusting property to the bosom of the earth. "Pregnant with thousands flits the *scrap* unseen," and in a moment places the largest fortune beyond the reach of danger. Mr Harris was, therefore, right in saying, "that the introduction of bills of exchange was the greatest security to merchants, both as to their persons and effects, and consequently the greatest encouragement to commerce, and the greatest blow to despotism, of anything that ever was invented."[1]

Its extensive commerce, the wealth and punctuality of its merchants, and their intimate connection with all the other great trading cities of the world, made Amsterdam, previously to the peace of 1763, the chief place where the ac-

> A single leaf shall waft an army o'er,
> Or ship of senates, to some distant shore;
> A leaf, like Sibyll's, scatter to and fro
> Our fates and fortunes, as the wind shall blow:
> Pregnant with thousands, flits the scrap unseen,
> And silent sells a king, or buys a queen."—Pope.

[1] Harris on Coins, part i. p. 108.

counts of commercial countries were balanced and adjusted. But the loss of foreign trade, and the other vexations to which Holland was subjected during the ascendancy of the French, nearly divested Amsterdam of all share in this business; and it has not since recovered its former superiority. London is now the trading metropolis of Europe, and of the world, *universi orbis terrarum emporium*. The vast extent of its commercial dealings necessarily renders it the great mart for bills of exchange. Its bill merchants, a class of men remarkable for their shrewdness, and generally possessed of large capitals, assist in trimming and adjusting the balance of debt and credit between the most remote countries. They buy up bills where they are cheap, and sell them where they are dear. And, by the extent of their correspondence and the magnitude of their transactions, give a steadiness to the exchange, to which it could not otherwise attain.

ESSAY

ON

INTEREST AND USURY LAWS.

INTEREST is the annual sum, or rate per cent. which the borrower of a capital obliges himself to pay to the lender for its use.[1]

It was generally supposed, previously to the middle of last century, that, in the event of all legislative enactments regulating the rate of interest being repealed, its increase or diminution would depend wholly on the comparative scarcity or abundance of money; or, in other words, that it would rise as money became scarce, and fall as it became more plentiful. But this opinion has been successfully controverted.[2] And it has been shown that the rate of interest, in advanced communities, is not determined by the abundance of the currency, but by the average rate of profit derived from the employment of capital. No doubt it most frequently happens that loans are made in currency. This, however, is of no consequence. There is obviously no substantial difference between one individual furnishing another with 100 bushels of corn, or 100 yards of cloth, to be repaid at the expiration of a specified period by the delivery of 104

[1] Interêt; loyer d'un *capital* preté: ou bien, en termes plus exacts, achat des services productifs que peut rendre un capital.—(Say, tome ii. p. 480. ed. 4me.

[2] First by Mr Joseph Massie in a tract published in 1750, entitled "An Essay on the Governing Causes of the Rate of Interest:" and, second, and with better effect, in Hume's "Essay on Interest," in 1752.

or 105 bushels, or 104 or 105 yards, or with as much money, at 4 or 5 per cent., as would purchase the corn or cloth. And it is easy to perceive that, as crowds of passengers may be successively conveyed by the same carriage, so the same sum of money may serve to negotiate an infinity of loans. Suppose A lends to X £1,000, which the latter immediately pays away to B for an equivalent amount of commodities: that B, having no use for the money, lends it to Y, who pays it away for commodities to C, who again lends it to Z, and so on. It is plain that the borrowers X, Y, Z, have received loans of commodities, or capital, from the lenders A, B, C, worth *three* times (and they might have been worth thirty or three hundred times) as much as the money employed in settling the transactions. According as the supply of currency, compared with the business it has to perform, is greater or less, we give a greater or less number of guineas or livres, notes or assignats, for the articles we wish to obtain. It is, however, by the advantage or profit we expect to derive from the loan of these articles, and not from the circumstance of their costing a larger or smaller number of pieces of gold or silver or bits of engraved paper, that the rate of interest, or the compensation paid to the lender for their use, is determined. It may perhaps be supposed, that when the quantity of metallic money is increased, goldsmiths and jewellers obtain the raw material of their business with greater facility. But this is not always the case; and, though it were, it would not affect the rate of interest. No coins are ever sent to the melting pot, unless the currency be degraded or depreciated: that is, unless it be deficient in weight, or relatively redundant in quantity. And it is clear that the inducement to promise a high or low rate of interest for loans of money, which it was intended to work up into some species of goods, would not depend on the supply of such money, but on the profit to be derived from the operation, a circumstance totally unconnected with the scarcity or abundance of coin.

It, therefore, appears that the rate of interest at any given period, depends on the profit that may be made by employing capital in industrious undertakings, and not on the prices paid

for the articles of which it consists. The latter are affected by every change in the value of money, but the former is little, if at all, affected by these changes, and is determined by the productiveness of industry. A low or a high rate of profit is uniformly accompanied by a low or a high rate of interest. Money, as every one knows, is cheaper in the United States and in Australia, than in England; but the ordinary rate of profit being higher there than here, interest, despite the lower value of money, is also higher. Extraordinary as it may seem, it is nevertheless true that, during the past year (1851-52), the current rate of interest in San Francisco, where bullion is so very abundant as to be almost a drug, varied from 2 to 3 per cent. a month, or from 24 to 36 per cent. per annum. And though we should allow that as much as a half of this rate is to be viewed as a premium of insurance on account of the insecurity prevalent in California, still the residue would amount to three, four, or five times the ordinary rate of interest in England. In farther corroboration of the above statements, we may mention that the low rate of interest in Holland during the greater part of the 17th, and the whole of the 18th, century, was not owing to any peculiar abundance or cheapness of money, but to the high rate of taxation and the difficulty of investing capital with a profit. And the latter has been, and is, the cause of the low rate of interest in this country towards the middle of last century and at the present time. It is not, in short, by the amount or value of the currency of a country, but by the means which it enjoys for the profitable employment of capital or stock, that profits and interest are governed.

That a rise or fall in the value of money can have no direct influence over interest, is plain from the fact of the interest being itself paid in the money that has risen or fallen. But, at the same time, a sudden increase in the supply of money, such as is now taking place, may undoubtedly have a temporary effect in depressing interest. Importers of bullion may not be able to lay it out advantageously in purchases, and may, in consequence, be disposed to have it coined and lent, though at a low rate. We incline, however, to think that the

influence of considerations of this sort is but inconsiderable. Lenders will not take less for loans than the borrowers are willing to offer; and the offers of the latter must be determined not only by the amount of money seeking investments, but still more by the profit that may be made by its employment. When there is a rapid influx of money, loans for short periods are usually obtainable at low rates. This, however, is not generally the case with loans for lengthened periods. The lenders are willing to accept a reduced interest for a short term, till they can look about for some more profitable means of investment. But the interest on loans made on mortgage, or for lengthened periods, is always proportioned to the rate of profit at the time; and, supposing the security to be unexceptionable, is but little affected by anything else.[1]

The profits made in industrious undertakings are usually distributed into *gross* and *nett* profits. And if we deduct from the former the wages or remuneration due to capitalists for their skill and trouble in superintending businesses, with a compensation for the risks provided against by insurance, the residue is the *nett* profit or return growing out of the capital employed. It is on this latter portion that interest depends, or rather with which it is identical. Lenders having nothing to do with the employment of capital, are not entitled to any peculiar advantage that may arise from it. But they are entitled to all that can fairly be considered as the return to the capital they have lent, after the risks, salaries, and necessary emoluments of those who undertake its employment, are deducted; and this much, speaking generally, they will get, and no more. Whatever else may be realised by the employment of capital in industrial pursuits, belongs to the borrowers, and forms the fund out of which they are remunerated. In coming to this conclusion, we are supported by the authority of Mr Tooke. "The rate of interest," says he, "is the measure of the nett profit on capital. All returns beyond this on the employment of capital, are resolvable into com-

[1] See the statement of Ricardo on this subject, *ante*, p. 40.

pensations, under distinct heads, for risk, trouble, or skill, or for advantages of situation or connection."[1]

Whatever, therefore, may at any time occasion a sudden glut of money or capital, may lower the rate of nett profit and interest. But that very circumstance, by increasing the demand for capital, will eventually raise the rate to its proper level; and the glut having disappeared, profits and interest will depend on the productiveness of industry.

Besides, such variations as are proportioned to variations in the ordinary rate of profit, and which equally affect all loans, the rate of interest varies according to the security for the repayment of the principal, and the duration of the loan. Hence the powerful influence which the character of the borrower, and the purpose for which he borrows, or the nature of the business in which he is engaged, have over interest. Careful, skilful, and intelligent parties always borrow, *cæteris paribus*, on lower terms than those of an opposite description. The spendthrift, the idle, and the unskilful, can with difficulty obtain loans on any terms; and those who deal with them and stipulate for a high rate of interest to cover their risk, frequently find that their guarantee is inadequate, and that they would have better consulted their own advantage by lending to respectable parties on the usual terms. The nature of the employment in which borrowers are engaged has also, as now stated, a powerful effect in determining the rate of interest. Wherever there is risk, it must be compensated. A sum lent on mortgage over a valuable estate, is not exposed to any risk. But a sum lent to a manufacturer or merchant engaged in a hazardous business, is exposed to a high degree of risk; and the interest payable on the latter, inasmuch as it must include a premium to compensate this extra risk, may be twice or three times as much as that paid on the mortgage.

We should mistake, however, if we supposed that this circumstance places those who carry on peculiarly hazardous

[1] Considerations on the State of the Currency, 2d edit. p. 12.

businesses in a comparatively disadvantageous situation. Competition will not permit, taking everything into account, a greater or a less amount of nett profit to be permanently realised in one branch of industry than in another. And those who invest their stock in employments of more than ordinary hazard, dispose of their produce at such prices as yield them the ordinary rate of profit, exclusive of a surplus sufficient to insure their stock against the extra risk to which it is exposed. Were this not the case, capitalists would not place their property in a state of comparative danger, and undertakings of a hazardous nature would not be entered into. But it very frequently happens, that the manager of a hazardous branch of industry, paying from 10 to 12 per cent. for loans, realises larger nett profits than the purchaser of an estate with money borrowed at 3 or 4 per cent.

Supposing the security to be equal, capital lent for a fixed and considerable period always fetches a higher rate of interest than that which is lent for short periods, or which may be demanded at the pleasure of the lender. There are but few modes of employing the latter, so that it is very frequently worth little or nothing. Hence the rate of interest is, in the majority of cases, in part at least, determined by the length of the loan; for, when that is considerable, it may be productively employed in a variety of businesses, in which it would not otherwise be safe to invest it, at the same time that the borrower has time to prepare for its repayment. But this principle has only a slight influence over loans for terms beyond three, or, at most five, years; for a loan for either of these terms, but especially the latter, may be employed in a great variety of ways, and would bring nearly as much interest as it would do were it for ten or twelve years. It is farther to be observed, that large classes of borrowers prefer the less interest which they get for advances at short dates, to the higher rate which they might get were they for longer terms. Most people wish to have the full command of their capital. Merchants and manufacturers who lent on mortgage, would in so far deprive themselves of the means of extending their business, and of speculating. And though sometimes,

perhaps, this might be for their advantage, yet the flattering opinion which most people entertain of their own sagacity and good fortune, would but seldom permit them to doubt that it was a very serious disadvantage. Hence the low rates at which banking companies who pay the sums deposited with them on demand, and governments overwhelmed with debt, are able to borrow. A stockholder's mortgage, or claim on the revenue of a country, may be immediately converted into cash at the current prices. And, however much the majority of the creditors of such a country as Austria, for instance, may be impressed with a conviction of its inability to discharge the various claims upon it, each individual, confident in his own good fortune and foresight, flatters himself that *he*, at least, will be able to predict the coming tempest, and that *he* will be able to sell out before a public bankruptcy.

It is evident, from these statements, that in addition to the security for loans and their duration, the rate of interest will, to a considerable extent, depend on the facilities afforded for enforcing or carrying out the stipulations in contracts. And hence a main cause of its reduction as society is more and more improved. Generally, it may be said that a speedy, cheap, and effectual process for securing the payment of debts, has a powerful tendency to lower—and a slow, costly, and ineffectual process, to raise—the rate of interest. In most countries, extraordinary means are taken to compel payment of bills; and this is a principal cause of the low rate at which they are commonly discounted. The easy enforcement of contracts constitutes, in truth, an important portion of the security for a debt. By a good security, is not meant a guarantee that a loan will ultimately be made good, but that it will be punctually paid when due; or, if the loan be of a kind that a little delay in its payment is usually given, that that delay will not be exceeded, and that it will be paid within the customary term. A security which should insure the final payment of a debt, but which should not insure its payment when due, or shortly thereafter, is not a good, but a bad security. It is indispensable to the transacting of business safely, cheaply, and expeditiously, that there should be as

little doubt as possible either in regard to the payment of loans or the term when they are to be paid. If either of these points be doubtful, the lender will insist on an indemnity for the consequent risk, which the borrower will have to pay. And hence it is that the summary proceedings taken to enforce payment of bills, and such like debts, conduce more to the interest of the borrowers than of the lenders. They reduce the rate of interest; and the hardship, such as it is, which they occasionally inflict, does not occur in one case out of five hundred, while its salutary influence tells in every case.[1]

In Greece the rate of interest was not regulated by law; and it consequently varied with all the causes of variation above alluded to. Generally, however, it was what we should reckon very high, amounting, in most cases, to from 10 to 18 per cent., and upwards. This high rate of interest was not occasioned by a high rate of profit, but by the uncertainty of the laws, and the facilities which they afforded to fraudulent debtors to defeat the just claims of their creditors. The interest on money lent on *bottomry*, or on the security of the ship or cargo, or both, was rated at so much per voyage. It consequently depended on the place to which the ship was to sail, the season, the chance of meeting pirates or enemies' ships, etc. Usually it was extremely great, varying from 30 to 50, or 60, per cent. The bankers and money lenders of Athens, though of low origin, being mostly freedmen or aliens, appear to have been considered as eminently trustworthy, and entitled to the public confidence. But they were, notwithstanding, quite as unpopular as the Jews and Lombards of the Middle Ages. We are surprised that so learned a writer as Boeckh should have

[1] It is not, of course, any part of our business to inquire into the methods most proper to be taken to enforce payment of debts. But, how paradoxical soever it may appear, we believe it would not be difficult to show that the putting of most descriptions of small debts, or of debts under £30 or £40, out of the pale of the law, would be advantageous. It would tend to prevent the abuse of credit by the lower classes, to whom it is extremely pernicious, and to make habits of economy and punctuality more valuable than at present.

endeavoured to perpetuate the vulgar prejudice against them, by stating that they had drawn upon themselves the "merited hatred of all classes." He should have known that it was not the covetousness of the bankers, but that bad laws administered by interested judges, by making loans insecure, and driving parties of the highest respectability from the business, have been alone to blame for the exorbitant usury of ancient and modern times. Had contracts been properly enforced, the probability is that interest would have been as low in Greece as in England.[1]

Instead, however, of leaving the rate of interest to be adjusted by the free competition of the parties, on the principles thus briefly explained, or endeavouring to reduce it by facilitating the enforcement of contracts, most governments have interfered, either entirely to prohibit the taking of interest, or to fix certain rates which might be legally exacted, while any excess over them was declared to be *usury*, and prohibited under the severest penalties. In the ages in which these enactments had their origin, the precious metals were the only species of money, and were considered quite peculiar. Being used as standards by which to ascertain the values of different articles, and as the equivalents for which they were most frequently exchanged, they acquired a factitious importance in the estimation, not merely of the vulgar, but of persons of the greatest discernment. The fact, that to buy or to sell is merely to barter one commodity for another, to exchange a quantity of corn, or cloth, or beef, for a quantity of gold or silver, and *vice versa*, was entirely overlooked. The attention was gradually transferred from the money's worth to the money itself. And the wealth of states and of individuals was not measured by the amount of their disposable produce, or by the quantity or value of the articles with which they could afford to purchase the precious metals, but by the *quantity of these metals* actually in their possession. For these and other reasons, money has been considered as a *marchandise*

[1] Boeckh's "Public Economy of Athens," i. pp. 164-191.

par excellence. And we need not, therefore, be surprised at the measures to which the prevalence of such exaggerated opinions almost necessarily led; or that vigorous efforts should have been made to protect those who were unprovided with so powerful an instrument from becoming a prey to their more fortunate neighbours. Individuals might freely dispose of their corn, cattle, land, etc. But it was supposed that the demand for money might be so great, as to enable the lenders, unless restrained in their exactions, to ruin the borrowers, and engross the whole property of the country.

Another cause of the prejudice against stipulating for interest grew out of the dislike entertained to accumulation. It is a consequence of economy, or of a saving of income; which, in rude ages, is considered indicative, not only of a sordid disposition, but as being positively hurtful. Prodigals and spendthrifts were long, and perhaps still continue to be, the favourites of the public. Before the nature and functions of capital were properly understood, it was believed that it could not be increased without injury to individuals, and that any advantage it might give to the proprietor must be obtained at the public expense. It did not occur to our ancestors, that those who, by their economy, accumulate stock, add to their own wealth, without diminishing that of others; nor were they aware that, when expended, as is almost always the case, in the support of productive industry, this stock affords the means of producing an increased income. But reckoning, as they did, that the savings of individuals were so much withdrawn from income in which the public would otherwise have participated, it was natural enough that they should endeavour to limit the advantage derivable from their employment.

Much, also, of the prejudice against bargaining for interest, prevalent in the middle ages, may be traced to the authority of certain texts of Scripture, which were understood to prohibit its exaction. It is doubtful, however, whether they will really bear that interpretation. And supposing that they did, nothing could be more irrational than to regard the

municipal regulations of a people placed in such peculiar circumstances as the Jews, as general and fixed principles, applicable in all ages and countries.[1]

But, whatever may have led to the efforts so generally made to limit or suppress the rate of interest, it is abundantly certain that, instead of succeeding in their object, they had an opposite effect. If a borrower consider it for his advantage to offer 6, 7, or 8 per cent. for a loan (and otherwise he would not make the offer), why should the legislature interfere, and prohibit the lender from receiving, and the borrower from paying, more than 3, 4, or 5 per cent.? An interference of this sort, besides being uncalled for and unnecessary, is in a high degree prejudicial. Restrictive laws, instead of reducing, uniformly raise the rate of interest. They cannot be so framed as to prevent borrowers from offering a higher rate of interest than is fixed by statute. And if the

[1] Michaelis on the Laws of Moses, ii. 336. English translation. It is a remarkable fact that the famous reformer Calvin was one of the first to emancipate himself from the prejudices formerly so prevalent, especially among religious people, against taking interest. He comments as follows on the statement of Aristotle, that as money did not produce money, no return could be equitably claimed by the lender:—"Pecunia non parit pecuniam. Quid mare? quid domus, ex cujus locatione pensionem percipio? An ex tectis et parietibus argentum propriè nascitur? Sed et terra producit, et mari advehitur quod pecuniam deindè producat, et habitationis commoditas cum certâ pecuniâ parari commutarive solet. Quod si igitur plus ex negotiatione lucri percipi possit, quam ex fundi cujusvis proventu: an feretur qui fundem sterilem fortassè colono locaverit ex quo mercedem vel proventum recipiat sibi, qui ex pecuniâ fructum aliquem perceperit, non feretur? et qui pecunia fundum acquirit, annon pecunia illa generat alteram annuam pecuniam? Unde vero mercatores lucrum? Ex ipsius, inquies, diligentiâ atque industriâ. Quis dubitet pecuniam vacuam inutilem omnino esse? neque qui à me mutuam rogat, vacuam apud se habere à me acceptam cogitat. Non erga ex pecuniâ illâ lucrum accedit, sed ex proventu. Illæ igitur rationes subtiles quidem sunt, et speciem quandam habent, sed ubi propius expenduntur, seipsa concidunt. Nunc igitur concludo judicandum de usuris esse, non ex particulari aliquo Scripturæ loco, sed tantum ex æquitatis regulâ."—Quoted by Dugald Stewart in his Notes to his *Preliminary Dissertation to the Encyclopædia Britannica*.

lenders had implicit confidence in the secresy and solveney of the borrowers, they might accommodate them with the sums wanted, without requiring any additional interest, because of the illegality of the transaction. But cases of this sort are extremely rare. Gratitude, and a sense of benefits received, are but slender securities for honourable conduct. Numberless unforeseen events occur to weaken and dissolve the best cemented friendships; and a transaction of this kind would afford an additional source of jealousies and divisions. In such matters, indeed, men are more than usually sharp-sighted, and are little disposed to trust to moral guarantees for the security of their property. But though neither the threatenings of the law, nor the inducements which it held out to dishonest debtors to recede from the stipulations into which they had entered, were able to prevent, or even greatly to lessen, what are termed *usurious* bargains, they rendered them more oppressive; for they obliged the lenders to demand, and the borrowers to undertake to pay, a higher rate of interest, to balance the risk of entering into what the law made an illegal transaction. This higher rate or premium being, of course, proportioned to the greater or less intensity of the risk to be provided against; that is, it increased or diminished according as the laws for the prevention of usury were enforced or relaxed.

Whenever, under the old system, the market rate of interest rose above the statutory rate, the free transfer of capital among the different classes was obstructed. Parties could no longer look merely to their own advantage. And loans which might have been obtained for 6, 7, or 8 per cent., had there been no hazard from anti-usurious statutes, were raised, on its account, to 8, 10, and 12 per cent. It is, therefore, plain that if the means taken to put down usury were not wholly responsible for its existence, they, at all events, added largely to its amount.

These conclusions do not rest on theory only, but are supported by a constant and uniform experience. In Rome, during the republic, the ordinary rate of interest was exces-

sively high. The debtors, or plebeians, were every now and then threatening to deprive their creditors, who were generally of the patrician order, not only of the interest, but of the principal itself. Repeated instances occurred to show that these were not mere empty threats; and the patricians indemnified themselves, by a corresponding premium, for the dangers to which they were exposed. "Des continuels changements," says Montesquieu, "soit par des loix, soit par des plebiscites, naturaliserent à Rome l'usure; car les créanciers, voyant le peuple leur débiteur, leur legislateur, et leur juge, n'eurent plus de confiance dans les contrats. Le peuple, comme un débiteur decrédité, ne tentoit à lui prêter que par des gros profits; d'autant plus que, si les loix ne venoient que de temps en temps, les plaintes du peuple êtoient continuelles, et intimidoient toujours les créanciers. Cela fit que tous les moyens honnêtes de prêter et d'emprunter furent abolis à Rome, et qu'une usure affreuse toujours foudroyée, et toujours renaissante, s'y établit. Le mal venoient de ce que les choses n'avoient pas été ménagés. Les loix extrêmes dans le bien font naître le mal extréme: il fallut payer pour le prêt de l'argent, et pour le danger des peines de la loi."[1]

In Mohammedan countries, notwithstanding the prohibition in the Koran, the ordinary rate of interest is at least three or four times as great as its ordinary rate in Europe. "L'usure augmente dans les pays Mahometans à proportion de la sévérité de la defense: le prêteur s'indemnise du péril de la contravention."[2]

During the middle ages, when interest was excessively high, the rate of profit was probably little, if at all, higher than at present. But it should be observed that a very great majority of the loans of these ages were but little influenced by its amount. They were not made to be invested, but to be spent. The great barons and other landed proprietors were the principal borrowers. And in nineteen out of every twenty instances, the sums which they borrowed were ex-

[1] Esprit des Loix, liv. xxii. c. 21.
[2] Esprit des Loix, liv. xxi. c. 19.

pended in the maintenance of crowds of idle retainers, in warfare, or in prodigalities of some sort or other. And while the borrowers belonged generally to what we should now call the spendthrift class, and there were no efficient means of compelling them to abide by their engagements, the lenders were but few in number, and mostly Jews and Italians, against whom the most unreasonable prejudices were entertained. Under such circumstances, it would be folly to suppose that the rate of interest should depend in any considerable degree on the rate of profit. The numbers, position, and character of the borrowers, compared with the fewness, position, and character of the lenders, and the risk to which the latter were exposed in entering into such transactions, occasioned the excessively high rate of interest. Of the 50 and even 100 per cent. which borrowers then frequently engaged to pay as interest, not more than 10 or 12 per cent. can properly be said to have been given for the productive services of loans. The rest must be considered as occasioned partly by the extreme scarcity of disposable capital and the carelessness of the borrowers, and partly, and principally, as a *bonus* to compensate the lenders for the imminent hazard of losing the principal.

In England, as in most other countries, Christians were, after the Conquest, absolutely prohibited, both by the civil and the ecclesiastical law, from bargaining for interest. But as Jews, according to the Mosaic law,[1] were allowed to lend at interest to a stranger, its exaction by them was first connived at, and subsequently authorised by law. And the same privilege was afterwards extended to the Italian or Lombard merchants. In consequence of this exemption, many Jews early settled in England, and engrossed a large share of the trade of the kingdom. But despite their industry and general good conduct, the prejudices against them, and against the business in which they were mostly engaged, were so very strong that they and their families were regarded as slaves of the crown, by whom they were plundered, to an extent and

[1] Deuteronomy, cap. xxiii. v. 20.

under pretences which would now appear incredible. To such an extreme, indeed, were these oppressive practices carried, that a particular office, called the *exchequer of the Jews*, was established, for receiving the sums extorted from them in fines, customs, tallages, forfeitures, etc. They were, in consequence, obliged to charge an enormous rate of interest, or, as Madox expresses it, "to fleece the subjects of the realm as the king fleeced them."[1] And hence, while only from 7 to 10 and 12 per cent. interest was paid in countries where sounder principles prevailed, the rate charged in England was three, four, and even five times as great.[2]

But in the end the disorders occasioned by this ruinous system became so obvious, that, notwithstanding the deep-rooted prejudices to the contrary, a statute was passed in 1546 (37 Hen. VIII. cap. 7), legalising interest to the extent of 10 per cent. per annum; because, as is recited in the words of the act, the statutes "prohibiting interest altogether have so little force, that little or no punishment hath ensued to the offenders." In the reign of Edward VI., the horror against interest seems to have revived in full force; for, in 1552, the taking of any was again prohibited, "as a vice most odious and detestable," and "contrary to the word of God." But, in spite of this denunciation, the rate of interest, instead of being reduced, immediately rose to 14 per cent., and continued at this rate until, in 1571, an act was passed (13 Eliz. cap. 8) repealing the act of Edward VI., and reviving the act of Henry

[1] Madox's History of the Exchequer, i. pp. 221-261. 4to. 1769.

[2] At Verona, in 1228, the interest of money was fixed by law at 12½ per cent. Towards the end of the fourteenth century, the republic of Genoa paid only from 7 to 10 per cent. to her creditors: and the average discount on good bills at Barcelona, in 1435, is stated to have been about 10 per cent. But whilst interest in Italy and Catalonia, where a considerable degree of freedom was allowed to the parties bargaining for a loan, was thus comparatively moderate, it was, despite its total prohibition, incomparably higher in France and England. Matthew Paris mentions that, in the reign of Henry III., the debtor paid 10 per cent. every two months. And this, though impossible as a general practice, may not have been very far from the average interest charged on the few loans that were then contracted for.—*Hallam's "Middle Ages,"* iii. 402.

VIII., allowing 10 per cent. interest. In the preamble to this act it is stated, "That the prohibiting act of King Edward VI. had not done so much good as was hoped for; but that rather the vice of usury hath much more exceedingly abounded, to the utter undoing of many gentlemen, merchants, occupiers, and others, and to the importable hurt of the commonwealth." This salutary statute was opposed, even by those who should have known better, with all the violence of ignorant superstition. Dr John Wilson, a man famous in his day, and celebrated for the extent of his learning, informed the House of Commons, of which he was a member, that "it was not the amount of the interest taken that constituted the crime; but that all lending for any gain, be it ever so little, was wickedness before God and man, and a damnable deed in itself, and that there was no mean in this vice any more than in murder or theft." To quiet the consciences of the bishops, a clause was inserted, declaring usury to be forbidden by the law of God, and to be in its nature sin, and detestable. This statute was limited to a period of five years; but, "forasmuch as it was, by proof and experience, found to be very necessary and profitable for the commonwealth of this realm," it was, in the same reign, made perpetual. (39 Eliz. cap. 18.)

In the 21st of James I. the legal rate of interest was reduced to 8 per cent., by an act to continue for seven years only, but which was made perpetual in the succeeding reign. (3 Car. I. cap. 4.) During the commonwealth, the legal rate of interest was reduced to 6 per cent., a reduction which was afterwards confirmed by the 12 Car. II. And, finally, in the reign of Queen Anne, a statute (12 Anne, cap. 16) was framed, reducing the rate of interest to 5 per cent., at which it stood till 1839.

In the preamble to this statute, it is stated that, "whereas the reducing interest to 10, and from thence to 8, and thence to 6, in the hundred, hath from time to time, by experience, been found very beneficial to the advancement of trade and the improvement of lands, it is become absolutely necessary to reduce the high rate of interest of 6 per cent. to a nearer proportion to the interest allowed for money in foreign

states." It was for these reasons enacted, that all bargains or contracts stipulating for a higher rate of interest than 5 per cent. should be utterly void. And "that all persons who should after that time receive, by means of any corrupt bargain, loan, exchange, chevizance, or interest, of any wares, merchandise, or other thing whatever, or by any deceitful way or means, or by any covin, engine, or deceitful conveyance for the forbearing or giving day of payment, for one whole year, for their money or other thing, above the sum of £5 for £100 for a year, should forfeit, for every such offence, the *treble* value of the moneys or other things so lent, bargained," etc.

In Scotland, previously to the Reformation, no interest could be legally charged. But that great event, by weakening the force of those religious prejudices, which had chiefly dictated the prohibition of interest, led to the adoption of more liberal opinions on the subject, and to the enactment of the statute of 1587 (11 Parlt. Jac. VI. cap. 52), which legalised interest to the extent of 10 per cent. In 1633 the legal rate was reduced to 8 per cent., and in 1661 to 6 per cent. The statute of Anne, reducing the rate of interest to 5 per cent., extended to both kingdoms.

The statutes prohibiting the taking of interest in Ireland were not repealed until 1635, when the statute 10 Car. I. cap. 22, gave liberty to stipulate for any rate not exceeding 10 per cent. In 1704 this rate was reduced to 8 per cent.; in 1722 it was reduced to 7 per cent.; and in 1732 it was further reduced to 6 per cent.

In France the rate of interest was fixed at 5 per cent. so early as 1665; and this, a few short intervals only excepted, continued to be the legal rate till the Revolution. Laverdy, in 1766, reduced it from 5 to 4 per cent. Instead, however, of the market rate being proportionally reduced, it was raised from 5 to 6 per cent. Previously to the promulgation of the edict, loans might have been obtained on good security at 5 per cent.; but an additional per cent. was afterwards required to cover the illegality. This caused the speedy abandonment of the measure.[1]

[1] Storch, "Traité d'Economie Politique," tome iii. p. 187.

The same thing happened in Livonia in 1786, when the Empress Catherine reduced interest from 6 to 5 per cent. Hitherto, says Storch (*in loco citato*), those who had good security to offer were able to borrow at 6 per cent.; but henceforth they had to pay 7 per cent. or upwards. And such will be found to be invariably the case, when the legal is less than the market rate of interest.

It has been observed by Smith, that the statutory regulations, reducing interest in England, were made with great propriety. Instead of preceding, they followed the fall which was gradually taking place in the market rate of interest, and, therefore, did not contribute, as they would otherwise have done, to raise that which they were intended to reduce. Sir Josiah Child, whose Treatise, recommending a reduction of interest to 4 per cent., was originally published in 1668,[1] states, that the goldsmiths of London, who then acted as bankers, could obtain as much money as they pleased, upon their servants' notes only, at $4\frac{1}{2}$ per cent. The supposed insecurity of the revolutionary establishment, and the novelty of the practice of funding, occasioned the payment of a high rate of interest for a large portion of the sums borrowed by the public in the reigns of William III. and Anne. But private persons, of undoubted credit, could then borrow at less than 5 per cent. During the reign of George II. the market rate of interest fluctuated from 3 to 4 and $4\frac{1}{2}$ per cent.[2]

Smith mentions that the increased means of profitably investing capital acquired during the war, terminated by the peace of Paris in 1763, raised the market rate of interest to a level with the statutory rate, or perhaps higher. But it was not until the late war that any very material or general in-

[1] A second edition, very greatly enlarged, was published in 1690.

[2] On the 18th of December 1752, the three per cents. brought the highest price they have hitherto reached, namely, $106\frac{3}{8}$ per cent. On the 20th of September 1797, the day on which the failure of Lord Malmesbury's attempt to negotiate with the French republic transpired, consols fell to $47\frac{5}{8}$, being the lowest price at which they have ever been sold.

convenience was found to result from the limitation of interest to 5 per cent.

It is necessary, however, to observe, that this remark applies exclusively to the loans negotiated by individuals who could offer unexceptionable security; for, since the act of 1714, persons engaged in employments of more than ordinary hazard, or whose character for prudence and punctuality did not stand high, or who could only offer inferior security, were unable to borrow at 5 per cent., and were consequently compelled to resort to a variety of schemes for defeating or evading the enactments in the statute. The most common device was the sale of an annuity. Thus, supposing an individual whose personal credit was indifferent, and who had only the liferent of an estate to give in security, wished to borrow, he sold an annuity to the lender sufficient to pay the interest stipulated for, which, because of the risks and odium attending such transactions, was always higher than the market rate, and also to pay the *premium* necessary to insure payment of the principal at the death of the borrower. It is curious to observe, that though the sale of an *irredeemable* life annuity, at a rate exceeding legal interest, was not reckoned fraudulent or usurious, yet, so late as 1743, Lord Hardwicke held that, in their less exceptionable form, or when they were *redeemable*, their sale could be looked upon in no other light than as an evasion of the statute of usury, and a loan of money.[1] But the extreme inexpediency of this distinction soon became obvious, and the law was changed. The great extension of the traffic in annuities, and the advantage of giving as much publicity as possible to such transactions, led to various inquiries and regulations respecting them in the early part of the reign of George III. In consequence, the sale of irredeemable annuities became nearly unknown; and it was ruled, that the sale of a redeemable annuity could not be impeached, though it appeared on the face of the deeds that the lender had secured the principal by effecting an assurance of the borrower's life.

[1] "Considerations on the Rate of Interest," by E. B. Sugden, Esq.—*Pamphleteer*, vol. viii. p. 278.

During the greater part of the late war, the usury laws operated to the prejudice of all classes of borrowers. The great extent and high interest of the public loans, the facility of selling out of the funds, the regularity with which the dividends were paid, and the temptations to speculation arising from the fluctuations in the price of funded property, diverted so large a portion of the floating capital of the country into the coffers of the treasury, that it was next to impossible for private individuals to borrow at the legal rate of interest, except from the trustees of public companies, or through the influence of circumstances of a very peculiar nature. The proprietors of unencumbered freehold estates, of which they had the absolute disposal, were almost universally obliged to resort to those destructive expedients which had formerly been the resource only of spendthrifts and persons in desperate circumstances. Annuities were not unfrequently granted for several lives, at the rate of 12, 14, 15, and even 20 per cent., exclusive of the premium of insurance on the lives of the persons named in the grant of the annuities. Mr Onslow, in a speech on the usury laws, 23d May 1816, said that he knew a gentleman, possessed of a very large estate in *fee-simple*, who had been compelled to grant an annuity for *four* lives (and the survivor of them), named by the grantee, for *eight* years' purchase.

The evidence annexed to the "Report of the Committee of the House of Commons, in 1818, on the Usury Laws," sets their impolicy and pernicious influence in a clear light. Mr Sugden, now Lord St Leonards, stated, that when the market rate of interest was above the legal rate, the landed proprietor was compelled to resort to some shift to evade the usury laws. He had "known annuities granted for *three* lives, at 10 per cent., upon fee-simple estates, unencumbered, and of great annual value, in a register county. He had also known annuities granted for *four* lives; and more would have been added, but for the danger of equity setting aside the transaction on account of the inadequacy of the consideration. Latterly, many annuities were granted for a term of years certain, not depending upon lives." On being asked

whether, were there no laws limiting the rate of interest, better terms could or could not have been obtained, he answered, "I am decidedly of opinion that better terms could have been obtained; for there is a stigma which attaches to men who lend money upon annuities, that drives all respectable men out of the market. Some leading men did latterly embark in such transactions, but I never knew a man of reputation in my own profession lend money in such a manner, although we have the best means of ascertaining the safest securities, and of obtaining the best terms."

"The laws against usury," said Mr Holland, of the house of Messrs Baring Brothers and Company, "drive men in distress, or in want of money, to much more disastrous modes of raising it than they would adopt if no usury laws existed. The man in trade, in want of money for an unexpected demand, or disappointed in his returns, must fulfil his engagements, or forfeit his credit. He might have borrowed money at 6 per cent., but the law allows no one to lend it to him; and he must sell some of the commodity he holds, at a reduced price, in order to meet his engagements. For example, he holds sugar which is worth 80s.; but he is compelled to sell it immediately for 70s. to the man who will give him cash for it, and thus actually borrows money at 12½ per cent., which, had the law allowed him, he might have borrowed from a money dealer at 6 per cent. It is known to every merchant that cases of this kind are common occurrences in every commercial town, and more especially in the metropolis. A man in distress for money pays more interest, owing to the usury laws, than he would if no such laws existed; because now he is obliged to go to some of the disreputable money lenders to borrow, as he knows the respectable money lender will not break the laws of his country. The disreputable money lender knows that he has the ordinary risk of his debtor to incur in lending his money, and he has further to encounter the penalty of the law, for both of which risks the borrower must pay. If no usury laws existed, in common cases, and where a person is respectable, he might obtain a loan from the respectable money lender, who would then only have to cal-

culate his ordinary risk, and the compensation for the use of his money."

The committee admitted the force of this evidence by agreeing to the following resolutions:—"1st, That it is the opinion of this committee, that the laws regulating or restraining the rate of interest have been extensively evaded, and have failed of the effect of imposing a maximum on such rate; and that, of late years, from the constant excess of the market rate of interest above the rate limited by law, they have added to the expense incurred by borrowers on real security, and that such borrowers have been compelled to resort to the mode of granting annuities on lives; a mode which has been made a cover for obtaining a higher rate of interest than the rate limited by law, and has farther subjected the borrowers to enormous charges, or forced them to make very disadvantageous sales of their estates. 2d, That it is the opinion of this committee, that the construction of such laws, as applicable to the transactions of commerce as at present carried on, have been attended with much uncertainty as to the legality of many transactions of frequent occurrence, and consequently been productive of much embarrassment and litigation. 3d, That it is the opinion of this committee, that the present period, when the market rate of interest is below the legal rate, affords an opportunity peculiarly favourable for the repeal of the said laws."

In spite, however, of the recommendation of the committee, and the cogent evidence on which it was founded, the popular prejudice continued so strong, that it was not till 1839 that a statute was passed, the 2d and 3d Vict., cap. 37, which exempted all bills of exchange and promissory notes, not having more than twelve months to run, and all contracts for sums above £10, from the operation of the usury laws.

It was supposed, or at all events argued, that the repeal of the usury laws would tempt such individuals as had money to lend, to indulge in those mean and discreditable practices which characterise the lowest class of money dealers.

But it was more reasonably contended, that in the event of the rate of interest being left to be adjusted by the free compromise of the parties, there would be little employment for inferior dealers. Except when the *market* rate of interest was below the *legal* rate, the usury laws prevented all persons, whose credit was not extremely good, from obtaining loans from capitalists of the highest character, and forced them to have recourse to those who were less scrupulous. Supposing the market rate of interest to be 6 or 7 per cent., an individual in ordinarily good credit may, now that the usury laws are abolished, easily obtain a loan at that rate. But when the law declared that no more than 5 per cent. should be taken, and, consequently, affixed a species of stigma to those lenders who bargained for a higher rate, the rich and more respectable capitalists being excluded from the market, borrowers were obliged to resort to those of an inferior character, who, in addition to the premium for the risk of entering into an illegal transaction, received an indemnification for the *odium* which, in such cases, always attaches to the lender. It is idle to attempt to secure individuals against the risk of imposition in pecuniary, more than in any other species of transactions. And, although the object had been desirable, it could not be obtained by such inadequate means. The usury laws generated the very mischief they were intended to suppress. Instead of diminishing, they multiplied usurious transactions, and aggravated the evils they were designed to mitigate or remove.

Nothing can be more unreasonable than the clamour against money lenders, because of their exacting a comparatively high rate of interest from prodigals and spendthrifts. This is the most proper and efficient check that can be put upon extravagance. Supposing the security of a prodigal and of an industrious man to be nearly equal, and this is but seldom the case, the capitalist who lends to the latter, in preference to the former, confers a service on the community. He prevents those funds which ought to be employed in supporting useful labour, and in adding to the public wealth, from being wasted in frivolous or pernicious pursuits.

But, perhaps, it will be said, that this is mistaking the object of the usury laws; that they were not intended to force capitalists to lend to spendthrifts on the same terms as to industrious persons, but to protect the prodigal and unwary from the extortion of usurers, by declaring any stipulation between them for more than a given rate of interest to be null and void. But why all this solicitude about the least valuable class of society? Why fetter the circulation of capital amongst those who would turn it to the best account, lest any portion of it chance to fall into the hands of those who would squander it away? If the prevention of prodigality be of sufficient importance to justify the interference of the legislature, prodigals should be put under an *interdict;* for this is the only way in which it is possible to restrict them. It is not by borrowing money at high interest, but by contracting debts to dealers, on whose charge there is no check, that spendthrifts run through their fortunes. Bentham has justly observed, that so long as a man is looked upon as one who will pay, he can much more easily get the goods he wants than the money to buy them with, though he were content to give for it twice or three times the ordinary rate of interest. How contradictory, then, to permit prodigals to borrow (for it is really borrowing) the largest supplies of food, clothes, &c., at 20, 30, or even 100 per cent. interest, at the same time that we prohibit them, and every one else, from borrowing money at more than 5 per cent.? Instead of being of any service, this restriction was evidently injurious to the prodigal. It narrowed his choice, and drove him to a market where no disgrace is attached to the exaction of the most exorbitant interest, and where he could scarcely escape being ruined.

The outcry which is sometimes raised against capitalists for taking advantage of the necessities of industrious individuals, is seldom much better founded than that which is raised against them for taking advantage of the prodigal or simple. Parties borrow according to their character for sobriety and punctuality in meeting their engagements, and according to the presumed state of their affairs at the time. To say that

a capitalist takes advantage of the necessities of individuals, is, in most cases, equivalent to saying that he refuses to lend to persons in suspicious or necessitous circumstances, on the same terms he would do were they in good credit, or were there no doubt of their solvency. And were he to act otherwise, he would be considered unfit to be entrusted with the management of his affairs.

But, as already seen, whatever may be the extortion of lenders, the usury laws did not check it. On the contrary, they compelled the borrowers to pay, over and above the common rate of interest, a *premium* to indemnify the lenders for the risks incurred in breaking them. They attempted to remedy what was not an evil, and what, consequently, should not be interfered with; and in doing this they necessarily created a real grievance. An act of parliament to compel the underwriters to insure a gunpowder magazine and a salt warehouse on the same terms would not be a very wise statute. Yet it would not be more absurd than to enact that the same rate of interest should be charged on capital lent on widely different securities. "It is in vain, therefore," to use the words of Locke, "to go about effectually to reduce the price of interest by a law; and you may as rationally hope to set a fixed rate upon the hire of houses or ships, as of money. He that wants a vessel, rather than lose his market, will not stick to have it at the market rate, and find means to do it with security to the owner, though the rate were limited by law; and he that wants money, rather than lose his voyage or his trade, will pay the natural interest for it, and submit to such ways of conveyance, as shall keep the lender out of reach of the law."[1]

The case of Holland furnishes a striking proof of the correctness of the theory we have been endeavouring to establish. The rate of interest has been, for a very long period, lower in Holland than in any other country of Europe; and yet it is the only country in which usury laws have been alto-

[1] "Considerations of the Lowering of Interest and Raising the Value of Money. 1691."— *Works*, ii. 7. 4to. 1777.

gether unknown, where capitalists are allowed to demand, and borrowers to pay, any rate of interest.[1] Notwithstanding all the violent changes of the government, and the extraordinary disturbance of her financial concerns since 1790, the rate of interest, in Holland, has continued comparatively steady. During the whole of that period, persons who could offer unexceptionable security have been able to borrow at from 2 to $5\frac{1}{2}$ per cent.; nor has the average rate of interest charged on capital, advanced on the worst species of security, ever exceeded 6 or 7 per cent., except when the government was negotiating a forced loan. But, in this country, where the law declared that no more than 5 per cent. should be taken, the rate of interest for money advanced on the best landed security varied, in the same period, from 5 to 16 or 17 per cent., or above *five* times as much as in Holland.

In France the usury laws were abolished at the Revolution; and it is stated that their abolition was not attended by any rise of interest.[2] According to the Code Napoleon, only 6 per cent. is allowed to be charged on commercial loans, and 5 per cent. on those made on the security of real property. There is, however, no difficulty in evading the law. This is usually done by giving a *bonus* before completing the transaction, or, which is the same thing, by framing the obligation for the debt for a larger sum than is really advanced by the lender. None of the parties particularly interested can be called to swear to the fact of such *bonus* being given; so that the transaction is unimpeachable, unless a third party, privy to the settlement of the affair, be produced as a witness.

In Hamburg, the rate of interest is quite unrestricted; or, if there be a written law restraining it, it has become obsolete. The rate, therefore, varies according to circumstances. Occa-

[1] Strictly speaking, this applies only to the state of Holland previously to the Revolution in 1795. The enactments of the Code Napoleon were subsequently introduced; but it appears, from the Report of the Parliamentary Committee on the Usury Laws, that they have not been acted upon.

[2] Storch, "Economie Politique," tome iii. p. 187.

sionally it has been at 7, 8, and even 10 per cent.; and, in 1799, a period of great mercantile embarrassment and insecurity, it was as high as 14 per cent. Generally, however, the rate of discount on good bills does not exceed 3 or 4 per cent.[1]

In Russia, the legal rate of interest is 6 per cent. But as Russia is a country capable of much improvement, and where there are very great facilities for the advantageous employment of capital, the market rate of interest is invariably higher than the statute rate, and the law is as constantly as it is easily evaded.[2]

In the United States, the legal rate of interest varies in the different States of the Union. In Alabama and Texas it is 8 per cent.; in New York, South Carolina, Georgia, Michigan, and Wisconsin, 7 per cent.; in Louisiania, 5 per cent.; and in all the other States, 6 per cent. The penalties for taking a higher rate than that allowed by law, vary in the different States, being much less in some than in others. We are not aware whether any legal rate of interest has been established in California; but, as already seen, the interest charged on bills in San Francisco has varied in the course of the present year (1852) from 2 to 3 per cent. per month.

The previous statements apply only to the cases of interest arising out of loans made by one party to another. But there are cases in which interest may become due without being stipulated for, by unnecessary or unjustifiable delays in the payment of debts, or by trustees, agents, or other parties coming into possession of property belonging to others, etc., and in these it is necessary, to obviate litigation, that the interest to be charged should be fixed by law. This legal rate had better be somewhat below the ordinary market rate, and may be adjusted from time to time as circumstances may require. But, except in cases of this sort, there is no more reason for interfering to regulate the rate of interest, than there is for interfering to regulate premiums of insurance, or the prices of commodities.

[1] Report on Usury Laws, p. 46. [2] Ibid. and Storch, tome iii. p. 207.

A TREATISE

ON THE

LETTING AND OCCUPANCY OF LAND.

Few things exercise so powerful an influence over the prosperity of agricultural countries as the nature of the contract entered into between the proprietors of estates and those to whom they let or assign them to be cultivated. Much of the superiority of English agriculture over that of France, and other Continental states, may be ascribed to the different customs which have been followed in this country with respect to the letting of land. And yet the tenure under which farms are held in a very large portion of the kingdom, might be materially improved. Nor do we well see how we can better fill up a few pages, than by briefly examining the conditions under which tenants may hold land, with the greatest advantage to themselves, the landlords, and the public.

When admitted to farms, tenants may hold at will, or from year to year, or under leases or other engagements, written or understood, for specified or indefinite terms. Of these methods, the superiority of the plan of letting lands, for specified rents, and a specified term of years, appears so very obvious, that it may be thought surprising it should ever have been disputed. Whatever their skill, or the amount of their means, agriculture will in great measure depend on the cogency of the motives which impel the cultivators to put forth their energies. And it is sufficiently evident that these will be

greatly strengthened by securing tenants in the possession of their farms for reasonable periods; that is, for such periods as may enable them to adopt the processes, and to reap the profit of the outlays, required in good husbandry.

Where tenants have no such security, and may, as is at present the case in many parts of England, be turned out of their farms at any time, on receiving six months' notice, without having any just ground for saying that they have been harshly or unjustly treated, it cannot be expected that they should undertake improvements. The hazard would be too great. They plough and sow according to the usual practice of the district; but they do nothing more. If they make any advances, they are such only as promise an almost immediate return. Those, how essential and advantageous soever, that require a few years before their cost is compensated, are never once thought of. It is almost needless to add, that agriculture, carried on by such tenants, makes no progress. They seldom have any idea of a better system; and, though they had, the tenure under which they hold would prevent its introduction.

No doubt, however, the term "tenants-at-will" is often most improperly applied. In a large portion of England, probably in two-thirds or three-fourths of the kingdom, the tenants are without leases. But it would be an abuse of the phrase to call the greater portion of them tenants-at-will. Owing to the customs in regard to occupancy in particular districts, to the practice followed on estates, and to the confidence placed in the character and promises of landlords, vast numbers of these tenants have no idea that they will be capriciously ejected, or that their rents will be improperly raised in the event of their undertaking any considerable improvements. This sort of tenure is extremely popular in England; and exists in various districts where agriculture is in a very advanced state, and where large sums have been expended by the tenants. But, notwithstanding its popularity, it is in many respects less advantageous than a tenure under leases of a reasonable length. There are, it is true, but few instances in which English gentlemen have degraded themselves by

taking an unfair advantage of their tenants.[1] But estates sometimes pass, by inheritance, from one line of proprietors to another with different views; and sometimes they are sold to those who may wish to subject them to an entirely new system. And, taking these and other contingencies into account, it cannot rationally be expected that the tenants will, speaking generally, be so liberal in their outlays upon improvements, as they would be if their possession were secured against all hazards for a certain number of years.

The interests of the public and of the landlords, as well as those of the tenants, are deeply involved in this question. It is needless, surely, to lay it down, that it is for the advantage of all parties that tenants should be industrious and enterprising. And no landlord who has a just sense of what he owes to himself and to society, will permit his estate to be occupied by slothful or inexpert tenants. But it is the vice of the system established in most parts of England, that it makes it very difficult for a landlord to get rid of such occupiers. He may be fully satisfied of their incompetency, but the rule of the estate has been to continue the old tenants; and were he to break through this rule, and to dismiss indifferent or bad tenants to introduce others of a superior class, he would be accused of acting harshly and unjustly; and would provoke a clamour and outcry, to which most gentlemen have the greatest dislike. And hence a main cause of the slovenly cultivation, and want of enterprise exhibited by the tenants of many estates and districts in England. But wherever leases are introduced, the connection between the landlords and tenants is limited to their endurance; and at their termination a landlord has it in his power, without provoking any remark or observation, to get rid of any incapable, troublesome, or unskilful tenant.

The difficulties which the prevalent English tenures throw in the way of those who may wish to get rid of questionable tenants, is not, however, their only disadvantage. It will be

[1] Such instances do, however, occasionally occur: and were they not sufficiently well known, some very gross and not very distant ones might be specified.

afterwards seen that the too low renting of land is, equally with its over-renting, an obstruction to improvement. And, despite the statements to the contrary, there is no doubt that, at this moment, a large portion of England is under-rented, the tenants being, in consequence, uninfluenced by one of the most powerful spurs to exertion. The same reasons which make so many landlords retain bad or indifferent tenants, hinder them from raising the rental of their estates to its proper level. They would be accused of treating their occupiers unjustly, of robbing them of the return due for outlays, and so forth. The plan of letting on leases for fixed periods gets rid of all these difficulties. The competition of the public raises rents to their fair value; and the occupiers must either exert themselves or go to the wall.

These results constitute a principal advantage of leases. In districts where they prevail, and where they are for proper terms, and embody the necessary conditions, there is universally a more efficient and improved system of husbandry than in districts where the tenants are rarely if ever changed.[1] Such leases are eminently calculated to draw forth talent and enterprise; whereas under the favourite English tenure these are less in request, and those tenants who do not fall behind their neighbours are treated nearly as well as those who go forward.

The only plausible objection to the granting of leases for a specified number of years, takes for granted that the contract is really binding on the landlord only. When a farm is too low rented, the tenant, it is said, continues to enjoy this

[1] See, for a striking illustration of the mischievous effects of this system, Mr Caird's "Account of the Duke of Cleveland's Estate in Durham." It is, and always has been, very low rented. The tenants are very rarely displaced; and some of them have held their farms, in a regular series from father to son, since the reign of Elizabeth. And yet, as might have been anticipated, the agriculture of the estate has been neglected, the tenants have not made money, and its too beneficent proprietor is complained of because he does not reduce the present inadequate rental.—*Caird's "English Agriculture,"* p. 349.

advantage during the lease; whereas, if it be too high rented, it is next to certain that the landlord will have to reduce the rent to what it is really worth. A transaction of this kind throws, it is contended, all the risk on the landlord, and gives all the advantage to the tenant; so that the only fair plan is to let from year to year, or at most for brief periods. But, though specious, this reasoning has no good foundation. The rents of farms held under leases, are, in the vast majority of cases, quite up to the mark, or beyond it, at their commencement. It may, however, happen that, after a few years of the lease have expired, a farm would let for more than the rent actually paid for it. If the rent be rated in money, it will of course be affected by changes in its value; and if it should decline, the rent will also decline. But when the rent consists of a fixed quantity of produce, convertible into money at the current prices of the day, it may reasonably be presumed, in the event of the farm becoming worth a higher rent, that this is a consequence of improvements effected by the tenant, which he would not have undertaken without the security afforded by the lease. And, unless this reasonable presumption be shown to be ill-founded, it follows, that in granting the lease the landlord made no sacrifice, but the contrary. He got all the rent which the farm was worth when let, while the security given by the lease, having stimulated the tenant to make improvements, the farm will bring a higher rent at its termination than it would otherwise realize.

It is, therefore, no more than equitable, that the extra profit derived from farms, held under leases of moderate duration, should belong to the tenants; for, if not in every case, it is certainly in the great majority of cases, the fruit of their industry, or skill, or capital. And though it be seldom practicable, or if practicable expedient, for landlords to compel tenants to pay the stipulated rent for farms, when it materially exceeds their real worth, there are no substantial reasons for impeaching the contract of lease, because of its being unfair. The inadequacy of a corn rent, convertible at the prices of the day, is in 99 out of every 100 cases, apparent only, it being occasioned by improvements effected by the

tenant. Had there been no lease, or engagement equivalent thereto, these would not have been attempted, and the rent would not have appeared inadequate. All, therefore, that can justly be said in regard to the alleged want of reciprocity in leases, amounts to this, that if, through accident or simplicity, a landlord let a farm for less than it is worth at the time when the lease is effected, he will be unable to get the rent raised during its currency; while, if a tenant, from too great anxiety to get a farm, or exaggerated notions of its value, should promise more for it than it is really worth, it will, in general, be impracticable and unadvisable to hold him to his bargain. An inequality of this sort is really, however, entitled to but little attention. A tenant who has offered too high a rent for a farm, sustains, in most cases, a very serious injury before he gets it reduced, supposing, which is not always the case, that he succeeds in that object. But in the very rare case of a farm being let below its value, it is all but certain that the additional rent which might have been obtained for it is of trifling consequence to the landlord. The risks of parties so differently situated cannot be equalised. In truth, they are all, or mostly all, borne by the tenants; and it would hardly, in these circumstances, be equitable, even if it were otherwise desirable, for landlords to seek to compel them to abide by the letter of their engagements, and to go on paying greater rents than their farms are really worth. But it has been sufficiently shown, that while such conduct can hardly fail of being ruinous to the tenants, it is also highly injurious to the landlords. The latter had better borrow on the most usurious terms than attempt to eke out their incomes by sums abstracted from the capital of those engaged in the cultivation of their estates.

It is obvious, therefore, that leases for reasonable terms, and stipulating for fair rents, are beneficial alike to landlords and tenants. They give a sense of security to the latter, and inspire them with energy and enterprise. And while the improvements effected under their influence conduce, during their currency, to the advantage of the occupiers, they add to the permanent value of estates, and to their future rental.

In almost every case, too, the granting of leases is immediately, as well as remotely, advantageous to the landlord. There is hardly an instance in which a farm will let for so much under an annual tenure as for a short lease, and under the latter the rent will be less than it would be were the lease extended to a reasonable term of years: Hence, in granting such lease, a landlord is not sacrificing present for the sake of prospective advantages; on the contrary, he is providing most effectually, not only for the future, but, in a still greater degree, for the instant increase of his income.

Length of Leases.—The expediency of granting leases being thus sufficiently established, their proper duration is the next point to be considered. This, however, is not a term which can be fixed by general rules. Pasture lands in good order may be advantageously let from year to year, or for short terms; and arable farms in a high state of cultivation and improvement, may be let for shorter periods than farms in an inferior condition. But, on the whole, it would seem to be the opinion of the most eminent authorities, that a term of *nineteen* or *twenty-one* years is, all things considered, the most proper for leases of arable farms in a medium condition. It is not, on the one hand, so extended as to tempt the tenant to delay commencing improvements, while, on the other, it is sufficiently lengthened to encourage him to make every fair exertion and outlay. And it has experience on its side, being the term most usually adopted in the best cultivated districts.

Supposing leases to be restricted to limited periods, such as seven or fourteen years, both of which are common terms in England, it is argued that it is possible, by the aid of proper conditions, not merely to hinder farms from being deteriorated, but to secure their improvement; and that such being the case, short leases must be advantageous to the landlords. But it is abundantly clear, that those who argue in this way, know little or nothing of the practical business of farming. It is, indeed, very generally allowed, that the shortness of the periods for which leases are usually granted in

England, is one of the principal causes of their general unpopularity. It is needless to refer to those for seven years; for even fourteen years is too short a term to make it prudent for a tenant to make any very considerable outlays on unimproved or exhausted lands, or to subject them to proper rotations. Conditions may be inserted in the shortest leases to hinder farms from being over-cropped and otherwise mismanaged, and should never, indeed, be omitted. But it is visionary to suppose that any rules or regulations which it is possible to lay down, unless their observance be combined with the interest of the occupier, can be rendered an effective source of improvement. The most vexatious system of *surveillance* would not insure the faithful discharge of covenants unless the tenant supposed they contributed in some degree to his advantage. He might be taken bound to manure and fallow a certain portion of the farm, and to have another portion in green crop, etc., but if the lease were so short as not to allow him to reap the full benefit of these operations when properly executed, they would be performed slovenly and inefficiently, and with an eye only to appearances, or to the advantage to be derived from them during the existence of the lease. Everybody knows that the worst husbandry in England is found on farms held under short leases; and they are most frequently, also, at their expiration, out of heart, and in an impoverished condition.

It has sometimes been supposed that farming may be profitably carried on by subjecting land in a high state of improvement, to a severe course of cropping. But all competent authorities deny that such is the case; and contend that those farmers succeed best, who retain their lands in an improved state, and do not attempt to increase the returns of one year at the expense of those which are to follow. To insure this regular and only advantageous system of management, it is indispensable that leases should be of a reasonable length, and that the conditions preventing over-cropping and exhaustion, should be strictly enforced. But beyond this, all interference on the part of the landlord is mischievous. The industry and enterprise of the tenant will, under such circum-

stances, do all that can be done for the advancement of agriculture.

The endurance of a lease should not be made to depend on lives, or on any uncertain or contingent event, but should always be for a specified number of years. When otherwise, the security of the tenant is imperfect; and his operations are affected, in a greater or less degree, by apprehensions similar to those which influence tenants-at-will. Under a lease for a fixed term, the occupier knows what he is about. And by comparing the time which must elapse before any proposed outlay be compensated, with the length of the lease, he is able to estimate whether it would be for his interest to make it.

The expediency of granting leases for fixed and reasonable periods being thus established, we have next to inquire into the various methods of rating and estimating rents.

These may be classed under the following heads, viz., first, the rent may be paid in money; second, in a certain proportion of the produce; third, in a given quantity of produce—the amount in the last two cases being payable either in kind or in money at the current prices of the day; or fourth, on the *corvée* principle, by which the tenant engages to perform certain services for behoof of the landlord.

1. *Money Rents.*

With respect to the first of these methods, or the payment of fixed sums of *money*, it would be one of the least exceptionable, were money always of the same value. This, however, is not the case; and all variations in its value necessarily affect, to the same extent, the value of the fixed payments to be made in it. Supposing the rent of a farm to be £100 a year, a rise in the value of money to the extent, say of 10 or 15 per cent., would occasion a corresponding rise in its amount; for, though the number of pounds sterling, to be paid as rent, continues the same, the value or cost of these pounds is increased. The converse of this takes place when money falls in value. In this case the rent is proportionally reduced, the tenant being benefited at the expense of the landlord, whereas, in the other, the landlord is benefited at

the expense of the tenant. At present these considerations are entitled to more than ordinary weight; for we are now, most probably, on the eve of a very considerable alteration in the value of the precious metals. In leases for short periods, or for three, five, or even seven years, it may not, perhaps, be worth while to lay much stress on any change in the value of bullion which may be likely to take place in the interval. But in leases for nineteen or twenty-one years, or any greater period, it would be most unwise, under existing circumstances, to stipulate for money rents without providing some means of correcting any variation that may take place, during their currency, in the real value of money.

The discovery of the American mines, in the early part of the sixteenth century, sunk the value of the precious metals (and, consequently, of all payments that were fixed and rated in money), in the seventeenth century, to about a fourth part of their value at the former epoch. Many suppose that a similar reduction, in the value of these metals, has already commenced. But it is useless to form any *à priori* conjectures in regard to the ultimate influence of the late extraordinary discoveries of gold in California and Australia. Much must depend, not only on the permanence of the new supplies, but also on the progress of civilisation, and the demand for bullion. There is, however, quite enough in the existing state of things to put all prudent parties on their guard, and to make them provide, whether in the letting of farms for considerable periods, or in the purchase of perpetual annuities, or of those terminable at distant dates, against the loss which they may otherwise sustain from a fall in the value of money. In so far as respects rents, this desirable object may be easily effected, as will be afterwards seen, by rating them in fixed quantities of produce.

Besides the fluctuations incident to the value of the precious metals, money rents may be affected by changes in the weight and purity of coins, and in the value of such paper money as is made legal tender. Our experience, as well as that of most other countries, has shown that these are not mere speculative contingencies. The heavy depreciation of paper

money between 1808 and 1815, occasioned a corresponding diminution in the rent of the farms let previously to 1808; while, on the other hand, the rise which took place in the value of paper in 1815, and subsequently, added proportionally to the rents of the farms which had been let during the depreciation.

It is not, perhaps, very likely that we shall witness a repetition of changes in the value of paper money similar to those experienced between the Restriction Act in 1797 and the restoration of specie payments in 1821. But there is no real security that such may not be the case; and as these changes, when they do occur, are injurious to the landlord or tenant, or both, it is for the interest of all parties to provide, in as far as possible, against their recurrence.

2. *Proportional Rents.*

We come now to the second mode of fixing rent, or that which makes it a certain proportion of the produce. On a superficial view, this mode may, perhaps, seem one of the least objectionable, as it guards, in some measure, against the disturbing effects of variations in the seasons; for, supposing that the landlord receives as rent a fourth part of the produce, which amounts, in a good year, to 100 quarters and in a bad year to only 80, it is plain that 25 quarters in the former case are no greater, or are rather indeed a less, burden than 20 in the latter. It is contended, also, that a proportional rent cannot operate as any material check on the outlay on improvements. The tenant knows beforehand what proportion of the probable produce, arising from an improvement, will go to the landlord. Hence, he has only to consider whether it will yield, over and above this deduction, the ordinary rate of profit, and replace his capital during the currency of the lease. If it will do this, the fair presumption, we are told, is, that the tenant will immediately set about carrying it into effect.

But, notwithstanding what is now stated, this mode of fixing the rent of land, is probably the worst that can be devised, and it is difficult to suppose that the agriculture of

any country in which it is adopted, can be in a really thriving condition. Practically speaking, tenants never make any considerable improvement, unless they are allowed to reap the whole advantage thence arising. It is in vain to contend that, as they know what proportion of the increased produce will go to the landlord, if the remainder be a due return on their capital, it will be for their interest to lay it out. Not one tenant amongst 100 would so act. There are always very considerable hazards to be run by improvers, and if to these were added the obligation to pay a half, a third, or a fourth part of the gross produce of improvements as rent, either none would ever be attempted by tenants, or none which required any considerable outlay, or where the prospect of a return was not very immediate. You cannot have a flourishing and improved system of agriculture, without securing the undisturbed possession of their farms to the tenants by leases of a reasonable length, and allowing them to reap, during their currency, the entire benefit of whatever improvements they may execute. If landlords encroach on either of these principles, or insist on immediately participating in the advantages of improvements effected by their tenants, they will certainly prevent their being undertaken. The influence of tithe in discouraging outlays, when it is commuted for a fixed money rent, is hardly perceptible; but, wherever it is exacted in kind, or fluctuates with the produce, it is equally powerful and prejudicial. Now, if such be the undoubted effect of a tax of a tenth, how prodigiously would its operation be increased were it three, four, or five times that amount, and rigidly exacted? And it is plain, that if rents were fluctuating quantities, forming a certain proportion, as a fourth, a third, or a half of the produce of farms, they would be, to all intents and purposes, identical in their operation on farmers and on agriculture with a tax of 25, $33\frac{1}{3}$, or 50 per cent. Had such a mode of fixing the rent of land been generally adopted in Great Britain, it may be doubted whether agriculture would have been, at this moment, more improved than in the reign of James I. or Charles I.

Besides the influence of this method of letting in checking

improvement and reducing agriculture to a mere system of routine, it is almost sure to lead to perjury and fraud. Rents which depend on proportions of produce, necessarily vary from year to year with the variations in the latter; and unless the landlord or his agent look very carefully after the proceedings of his tenants, he is sure to be cheated. Indeed it is hardly possible for him, do what he will, to obviate fraud. The tendency of this system is thus, in fact, twofold: first, to extinguish every germ of agricultural improvement; and, second, to imbue the agriculturists with some of the worst vices; leading them to found their hopes of advancement not so much on the exercise of their industry, as on their schemes to defraud the landlords.

But it is not necessary that we should argue this question speculatively. The practice of letting lands by proportional rents has been very widely introduced; and wherever it has been adopted, it has stopped all improvement and reduced the cultivators to the most abject poverty. Previously to the Revolution, about *seven-eighths* of the whole surface of France were occupied by *metayers*, that is, by a description of tenants paying a certain proportion, generally a half, and hardly ever less than a third part, of the produce to the landlord; the latter sometimes furnishing the oxen and other cattle used in farming, and a portion of the seed, and sometimes not. Even if we were unacquainted with the facts of the case, we might confidently pronounce, *à priori*, that such a system must have been ruinous. In England, it is not supposed that the rent of the land amounts to more than from a fifth to a fourth part of its produce. What, then, must be the effect of subjecting the occupiers of France, where rent is naturally lower than in England, to so excessive a demand as that of a half, or even a third part of the produce? Can any one be surprised to learn that French agriculture, at the æra of the Revolution, was in the most backward condition, and the tenants immersed in poverty and misery? Nor is this system less injurious to the proprietor than to the cultivator. The landlord gets, indeed, a large proportion of the produce raised upon his estate; but owing

to the degraded condition of agriculture, and the wretchedness of the occupiers, caused by the exorbitancy of the demands upon them, the produce raised is comparatively trifling; so that the half which belongs to the landlord under this system is not nearly so large as the share falling to him would be were the rents moderate and fixed, and the tenants allowed to reap all the advantage of whatever skill and talent they might exert. The tenants having little or no interest in the proper treatment of the stock furnished by the landlords, the latter are perpetually losing by its mismanagement or destruction. "In this most detestable of all modes of letting land," says Arthur Young, whose Travels in France and Lombardy contain a vast deal of information on this subject, "after running the hazard of such losses, fatal in many instances, the defrauded landlord receives a contemptible rent; the farmer is in the lowest state of poverty; the land is miserably cultivated; and the nation suffers as severely as the farmers themselves." Where the stock is wholly furnished by the tenants, they are not, of course, so poor; but even in this case their condition is worse than that of day-labourers in England. Agriculture is at the lowest ebb, and no improvement is either attempted, or so much as thought of.

The Revolution changed many occupiers of land into proprietors, and lessened in so far the evils of the *metayer* system. Still, however, it is upheld, in its pristine vigour, in more than the half of France; and wherever it exists, the state of agriculture, and the condition of the occupiers, are quite as wretched as at the period described by Arthur Young.

In proof of this statement, we beg to subjoin the following passage from a valuable article on French agriculture, in the "Revue Trimestrielle" for April 1828.

"Where the proprietors do not cultivate their own estates, nothing has so much influence on their cultivation as the mode in which they are let. In France that mode is in general detestable. With the exception of Flanders, and of a very small number of provinces where the system of cultivation by rotation of crops has been long adopted, the duration of leases is far too short to enable the farmer to indemnify himself for

the outlay which the introduction of a new system of cultivation would require, and to derive any profit from it. Indeed, in a very large part of the kingdom, in all the central provinces, farmers are hardly known. The land is cultivated by unfortunate metayers, who engage to occupy it for a period of three years, and to perform the various operations required in its husbandry, paying half the produce to the proprietor as rent. The metayer furnishes his labour, his ignorance, and his good appetite; the proprietor supplying an exhausted soil, the stock indispensable to its petty farming, the grain required for the first sowing, and that which may be required for the support of the metayer and his family until the first harvest. The metayer works, sows, reaps, and feeds on the produce. After he and his family are fed, the proprietor gets the remainder. Sometimes a middleman, under the name of a farmer, is interposed between the landlord and the metayer. This third party is, for the most part, a cunning inhabitant of the village, who agrees to pay the landlord a certain rent, independent of variations of harvests, acquiring in return a right to his share of the produce raised by the metayer. The middleman takes no part in the labours of cultivation, but he attends at all the harvestings of the metayer; he follows him to every market to get his half of the price of the produce. His art consists in getting more than his half; as he knows how to read and write, of which the other is most commonly ignorant, he is able to confuse the metayer's accounts, and finally to plunder him. Under this master, who is constantly present, the condition of the metayer is still more miserable. The middleman, who has some capital, regularly pays the rent to the proprietor; he makes little speculations on the sale of his produce, and sometimes becomes rich. This division is very convenient for the proprietor, whom it releases from the necessity of all surveillance, and to whom it affords some security for the payment of his rent; but it is destructive of agriculture, because it keeps the metayer in a state of extreme indigence, who would cultivate less badly were he allowed to make any profits or savings in abundant years; it hinders him from ever rising to the condition of a petty farmer: it puts

the reward due to labour into the pockets of fraud. Not less, perhaps, than a half of the whole kingdom of France is occupied by metayers; and the proprietors whose estates are so let, are hardly able to introduce a different system; for in the provinces where this miserable mode of occupying land is general, those who have capital and skill, and who consequently might cultivate land with advantage, become middlemen; so that the business of cultivation is entirely carried on by the poorest and most ignorant persons. Agriculture is there really the most abject and degraded of all employments."

Such is the wretched state of French agriculture under the metayer system. "La France," says the same writer, "est resté stationnaire dans presque tous les procédés de la culture." And so long as this mode of letting land, and the equal partition of landed property amongst the children of proprietors is continued, it were idle to expect that it should improve. While these practices are permitted to subsist, France can enjoy no real prosperity; for no agricultural country can be prosperous, which is divided into small patches, occupied by a beggarly population, without either skill or capital; and who, though they possessed both, have little motive to exert the one or employ the other.

"The condition of the French metayers," says a friend to this system, "is constantly the same; the son occupies exactly the same place as his father; he never thinks of becoming richer, and cares not for political changes. We are tempted to believe that we behold an Indian *caste* irrevocably attached, through the influence of religion, to the same trade and the same practices. In several provinces the metayers form nine-tenths of the population; and having continued stationary for four or five centuries, they are necessarily very far behind the rest of the nation."[1]

An evil so deeply rooted, and so interwoven with the customs and habits of society, cannot be either easily or speedily eradicated. It may, however, be expected, that ultimately the landlords will open their eyes to their own interest, and

[1] Sismondi, Nouveaux Principes d'Economie Politique, tome i. p. 196.

see the propriety of exerting themselves to introduce a better system. To accomplish this desirable object, two things are indispensable: first, The granting of leases of a reasonable duration; and, second, The fixing of the rent in money, or in given quantities of produce. So long as the present mode of either granting no leases, or leases for only three years, and exacting a half or a third part of the produce as rent, is continued, it would be vain to expect that agriculture should make the least progress, or that the occupiers should ever rise above their present miserable level. The want of capital would at first prevent the land from being let in considerable portions, but as capital accumulated they might be increased. Where no tenants possessed of capital could be found, the landlords might do as they do at present, they might advance the capital to the tenants. But in this case the advance should not be made as a loan, but as a *free gift*. It is contradictory to suppose that a farmer will ever take the same care of capital belonging to another, that he will do of his own; and though the plan now proposed would occasion an immediate apparent loss to the landlord, it would prove in the end to be no loss, but an immense gain. It would give a stimulus to agriculture which it is not very likely to receive by any other means; and the landlord would be the great gainer by that improvement of his estate which the abolition of the present system, and the introduction of a better one in its stead, could not fail to occasion.

The metayer system is spread over most part of Italy, and it is there very little, if at all, less injurious than in France.

"If the intelligence with respect to the produce of wheat," says Mr Young, speaking of Lombardy, "which I received be reviewed, it will be found at an average varying from five to seven and a half times the seed, generally between five and six: suppose the latter number, and we shall, with reason, be amazed at the miserable products of this rich plain, in everything except grass and silk. The average soil of England cannot be compared with the average soil of Lombardy, yet our mean produce is eleven times the seed, perhaps twelve. Every one must be curious to know the causes of such wretched

crops: I attribute them to various circumstances; but the predominant cause must be sought for in the small farms, occupied either by little peasant proprietors, or, what is more general, by metayers. This abominable system of letting land is the origin of most of the evils found in agriculture, wherever the method prevails. Such poor farmers, who, in every part of Italy where I have been, are so miserable that they are forced to borrow of the landlord even the bread they eat, before the harvest comes round, are utterly unable to perform any operation of their culture with the vigour of a substantial tenantry. This evil pervades everything in a farm; it diffuses itself, imperceptibly to a common eye, into circumstances where none would seek it. There are but few districts where lands are let to the occupying tenant at a money rent, but wherever it is found, *there* crops are greater, —a clear proof of the imbecility of the metaying system. Yet there are politicians, if they deserve the name, everywhere to be found, who are violent against changing these metayers for farmers; an apparent depopulation is said to take place, and the same stupid arguments are heard that we have been pestered with in England, against the union of farms. Men reason against that improvement of their lands, which is the natural progress of wealth and prosperity, and are so grossly absurd as to think that doubling the produce of a country will deprive it of its people."[1]

Cicero has somewhere said, that there is no opinion so absurd that it has not found a philosopher to support it; and it need not have surprised Mr Young that the metayer system has had its advocates. But what is more singular, they are not yet extinct. Sismondi, in his work already quoted, does not scruple to affirm that "cultivation by metayers, or occupiers paying half the produce, is one of the happiest inventions of the middle ages; that it contributes powerfully to diffuse happiness amongst the lower classes, to carry the soil to the highest pitch of cultivation, and to accumulate the greatest amount of capital upon it."[2] The reputation of Sismondi

[1] Young's "Travels in France," etc., 2d edit. vol. ii. p. 216.

[2] Tome i. p. 192-194.

as an historian, must be our apology for noticing such statements. To suppose that a system of occupancy which robs the cultivator of almost all the fruits of superior industry and ingenuity, can either contribute to the advancement of agriculture, or the accumulation of capital, is a proposition of which it is needless to say more than that it contradicts and confutes itself. And, in point of fact, we are told by the late Italian economist, Gioja, in a review of Sismondi's work, in the Biblioteca Italiana, that wherever agriculture is in a flourishing state in Italy, the land is occupied by tenants holding under leases, and paying fixed rents. The same economist published a treatise in 1803, entitled, "Discussione Economica sul Dipartimento d'Olona," which, under the sway of the French, comprised Milan and the surrounding territory. The account which he has given in this work of the agriculture of the Milanese, is anything but flattering. Among the causes which have depressed it, Gioja lays the greatest stress on the too great division of the land, and, next to it, on the metayer system. "Industry," says he, "is in proportion to the probable gain or loss; but when the metayer must give half the produce to his landlord, he has only half the motive to be industrious that he would have, and feels only half the injury from being idle that he would do, were he paying a fixed rent. It is plain, therefore, that industry must suffer by such a system; the object of the metayer is to cheat with address, not to farm better."[1] And he shows that this system, by preventing the accumulation of capital, has been one of the main causes that have led to that excessive subdivision of the land which has taken place in some districts, and which in Italy, as elsewhere, has had the worst consequences.

But it is not necessary that we should resort to the works of others for a refutation of Sismondi's statements with respect to the good effects of the metayer system. One of his earliest works was a "View of the Agriculture of Tuscany,"[2] in which he depicted the abject poverty and idleness of the peasantry

[1] Discussione Economica sul Dipartimento d'Olona, p. 54.

[2] Tableau de l'Agriculture Toscane. Geneve, 1801.

under this, his subsequently favourite system, in the most striking terms. In the table of contents attached to this volume, the following occur among other references :—" Misery of the peasantry ;" " those who hold under leases, more economical, and richer ;" " all the metayers in debt ;" " disadvantages of cultivation by metayers ;" " metayers unable to execute their work at the proper time ;" " contract careless and indolent habits," etc. Speaking of the situation of the metayers in a bad year, Sismondi states :—

" As they possess nothing, they would then literally die of hunger (*mourir de faim*), if they were not assisted by the proprietors, who rarely refuse making them a loan upon security of the ensuing crop. Their debts are paid after the vintage, but before winter is over new ones are contracted. Of ten metayers there is hardly one to be found who owes nothing to his master."

" The metayer lives from hand to mouth. He has rarely any corn in store, and still more rarely any oil or wine. He sells his oil when in the press, and his wine when in the vat. He has no provision of salt meat, butter, cheese, leguminous plants, etc. His kitchen utensils are of earthenware ; and the furniture of his cottage consists only of a table and some wooden chairs, one or two boxes, and a miserable bed, on which father, mother, and children sleep. When the division of General Vatrain pillaged the Val di Nievole in 1792, the peasants reaped this advantage from their poverty, that when they had concealed their wearing apparel and their wives' jewels, they had nothing more to lose."

And such is their idleness, that " a hired labourer will execute three times as much work in a day as a metayer."

Much has been said about the rich and beautiful appearance of the valley of the Arno (Val d'Arno), which is entirely occupied by metayers. But even here the verses of Addison are strictly applicable : —

> " The poor inhabitant beholds in vain,
> The red'ning orange and the swelling grain ;
> Joyless he sees the growing oils and wines,
> And in the myrtle's fragrant shade repines ;

Starves in the midst of nature's bounty curst,
And in the loaden vineyard dies for thirst."[1]

When Arthur Young visited Italy, the occupiers of the Val d'Arno were so very poor, that the landlords were frequently obliged to lend them supplies of corn previously to harvest. And M. Lullin de Chateauvieux, who has given an interesting account of the agriculture of Italy in 1810-13, and whose leanings are rather on the side of the metayer system, shows that the condition of the occupiers of this famous valley had not improved in the interval.

"An immense population," says he, "is supported on the produce of land thus distributed, but with extreme economy, and it is never able to lay by anything as a reserve against unfavourable years. It is neither the fertility of the soil nor the abundance that strikes the eye of the traveller, which constitutes the well-being of the inhabitants; it is the number of individuals among whom the total produce is divided, which fixes the proportion that each is able to enjoy. Here it is very small. I have thus far, indeed, exhibited a delightful country, well-watered, fertile, and covered with a perpetual vegetation. I have shown it divided into countless enclosures, which, like so many beds in a garden, display a thousand varying productions. I have shown that to all these enclosures are attached well-built houses, clothed with vines, and decorated with flowers; but, on entering these houses, we find a total want of all the conveniences of life, a table more than frugal, and a general appearance of privation. The occupiers of them are not the proprietors; they only farm them, paying in kind half the produce to the landlord."[2]

In speaking of the metayers of Lombardy, M. de Chateauvieux observes,—"Always destitute of the means of acquiring capital, they remain stationary in their situation; the result is a torpor which nothing but the want of food can overcome."[3] In the most fertile districts of Naples, he found the metayers complaining of their abject condition. And, he adds, when-

[1] Letter from Italy.

[2] We quote from Rigby's translation, p. 78.

[3] Ibid. p. 46.

ever the season happens to be unfavourable, they suffer the severest privations.

In ascribing the invention of the metayer system to the middle ages, Sismondi is not more accurate than in his estimate of its advantages. It is a system which might be expected to grow up in a rude state of civilisation, wherever large tracts of land had become the property of individuals. The advantages of granting leases of a reasonable length, at a fixed rent, are not then distinctly perceived either by the landlords or tenants; and it seems a plain and advantageous method for both parties, that the tenant should occupy and work the land, paying its owner a certain share of the produce. In Eastern countries this mode of occupying land has existed from the earliest period, and it also prevailed in ancient Italy. The early Roman farmers were, in fact, metayers. The stock on the farm belonged to the landlord, and the occupier received a certain proportion of its produce, varying according to its productiveness, in return for his labour in working it. The occupier of land upon these terms is called by Cato, the earliest of the extant writers *De Re Rusticâ*, a *politor*, or *polintor*, from his business being that of a cultivator or dresser of land; and sometimes a *colonus partiarius*, from his being in a sort of copartnership with the landlord, and entitled to a share of the produce of the land. This is the only description of farmers of whom Cato speaks. In his days, indeed, great part of Italy belonged to the resident owners of small estates, and was cultivated directly by them; the few large estates of the non-resident landlords being then more generally occupied by the slaves and servants of the owner, under the superintendence of a steward or bailiff (*villicus*), than by metayers. Cato mentions that, in his day, when the finest land was let to a *politor*, or *colonus partiarius*, he received an eighth part of the produce; that in the second best land he received a seventh; and in the third, a sixth.[1] It will be observed, however, in accounting for the small share of the produce

[1] De Re Rusticâ, § 137.

received by the Roman metayers, that, besides the land and live stock, the landlord furnished the seed and all the implements made use of on the farm. It is further conjectured by Dickson,[1] and apparently with much probability, that the labourers on farms occupied by *politors* were mostly slaves, and that they were furnished by the landlord as well as the labouring cattle. And, besides his share of the crops of corn, or of the produce commonly so called, the *politor*, or *colonus partiarius*, had perquisites of milk, fruits and vegetables, and other minor articles, sufficient for the supply of his family.

This system, and the cultivation of land by slaves, were as hostile to the husbandry of ancient Italy, as the metayer system is to its modern husbandry, or prædial slavery to that of Russia. In the early ages of the republic, when the lands were generally divided into small portions, mostly occupied and farmed by their owners, agriculture was comparatively flourishing. But, instead of improving with the increase of capital and the size of properties, it gradually declined. The cause of this anomaly is to be found in the prevalence of the metayer system and of slave labour. Agriculture, carried on under such a mode of occupancy, and with such instruments, could not but degenerate. It was not, as Columella has observed, from an increasing sterility of the soil that the harvests had become less productive, but because the labourers, in the latter years of the republic, and under the imperial government, were mostly slaves, and because, from the prevailing mode of letting land, the farmers, even when free, had no sufficient motive to exert themselves.

Though cultivation by means of *coloni partiarii* was the most prevalent mode in ancient Italy, there can be little or no doubt that in the days of Columella there were free farmers, or *liberi coloni*, who occupied their lands under leases for money rents, somewhat in the mode in which farms are now occupied in England. This may be inferred from the statements in the eighth chapter of his first book, referring to the mode in which landlords should treat their tenants.

[1] Husbandry of the Ancients, vol. i. p. 60.

That the rent paid by the latter was rated in money, seems evident from the circumstance of Columella recommending landlords not to be rigorous with respect to the term of payment, without, however, neglecting to demand the rent; because, as he observes, good debts, by not being called for, often become bad ones. It is likewise evident that the cattle upon the farms of the *liberi coloni* were their own property; for Columella gives as a reason for letting to such tenants, that when the landlord is absent, being obliged to trust the management to servants, the oxen and other cattle are ill-treated and ill-fed. But this, it is clear, could not have been a reason for letting, had the cattle upon the farm, after it was let, been the property of the landlord.[1]

No very satisfactory information can be obtained, in regard to the duration of the leases of farms occupied by *liberi coloni*. The public lands belonging to the state were let for periods of five years, and it is probable that such was also the usual length of the leases on private estates.

But, as already stated, the far greater part of Italy was occupied either by *coloni partiarii*, or by slaves or servants working on account of absentee proprietors; so that its agriculture, instead of improving, actually retrograded.

The preceding remarks will perhaps have satisfied the reader, that in whatever way the rent of land may be made payable, it should not be by a proportional share of the produce. This is the worst of all methods of fixing rent; and it is idle to look for flourishing agriculture or respectable tenants where it prevails.

3. *Produce Rents.*

We come now to the third method of fixing rents. In it the rent is rated in specified quantities of produce, usually made convertible into money at the ordinary prices of the day. And, though not free from defects, this seems, on the whole, to be the least exceptionable plan hitherto proposed. It affords the best attainable security against changes in the

[1] Dickson's "Husbandry of the Ancients," vol. i. p. 74.

value of the currency, and it neither damps the tenant's exertions, nor thwarts the progress of his improvements; for he knows that every bushel of corn he can raise beyond the fixed quantity payable to the landlord is entirely his own. It is defective, however, inasmuch as it imposes on the farmer the necessity of paying more than the fair value of his farm in unfavourable years; while, in favourable years, the landlord gets less rent than he ought to receive. But it is difficult—or rather, perhaps, impracticable—under any system, wholly to obviate the effect of these disturbing causes. We are, however, inclined to think, that under the free system now adopted in regard to the corn trade, the disturbances referred to will be comparatively unimportant; for it is no longer reasonable, seeing the immense variety of markets to which recourse may be had, to suppose that the fluctuations in our harvests should exercise anything like their former influence over prices. It is doubtful, therefore, whether it be really worth while to set about organising any scheme for obviating or lessening the influence of such inconsiderable oscillations. But if this should be thought desirable, it may easily be accomplished by fixing *maximum* and *minimum* prices; it being declared in the lease, that the produce payable to the landlord shall be converted into money, according to the current prices of the year; but that, in the event of their rising above the *maximum* fixed in the lease, the landlord shall have no claim to such excess of price. By means of this check, the tenant is protected from paying any very considerable excess of rent in scarce years. On the other hand, to prevent the rent from being improperly reduced in unusually plentiful years, a *minimum* price is agreed upon, and it is stipulated, that to whatever extent prices may sink below its amount, the landlord shall be entitled to receive the *minimum* price for the produce payable as rent. With a free trade in corn, and a system of this sort, rents would fluctuate very little indeed, and landlords and tenants would enjoy the highest degree of security. We may add that this is not a mere speculative opinion. The plan now proposed was extensively introduced many years ago, into sundry well cultivated districts, includ-

ing East Lothian and Berwickshire. And the experience of the estates in which it has been adopted, has shown that it is as effectual as can well be desired, for the protection of both parties, and for securing the progress of improvement.

In fixing a produce rent for farms, especially if they be adapted to a mixed system of corn and stock husbandry, which is now the case with all except those which consist of heavy clay lands, it should not be rated in corn only. Butchers' meat, wool, and dairy produce, are articles of the greatest importance; and it would be fair to all parties, that rents should be made to depend, to some extent, on them, as well as on corn. At present, the value of stock and dairy produce appears more likely to increase than that of corn; and leases for nineteen or twenty-one years, in which no reference is made to the former, may seriously compromise the interests of the landlord. Without, however, laying much stress on the contingent probability now alluded to, it is obviously proper, seeing in how great a degree cultivation depends on them, that rent should be rated partly in the products of stock, and of the dairy, and partly only in corn: in other words, it should be made to consist of certain quantities of grain, butchers' meat, wool, butter and cheese; the whole being convertible into money at the current prices of the day. A mixed rent of this sort would give the maximum degree of security to both tenants and landlords. And though it might, at the outset, be attended with some little trouble, there would be no difficulty in carrying it out when parties had become familiarised with it.

Maximum and *minimum* checks might, if desired, be applied to butchers' meat, wool, etc., in the same way as to corn. But this would make the plan too complex. And under a system of free trade, and with rents consisting of different articles, which may be supposed to vary in opposite directions, it would be quite unnecessary.

4. *Service Rents.*

Anciently, in most countries, a very considerable proportion of the land not in the immediate possession of the owners was

held by its occupiers on condition of their furnishing the owners with certain quantities of labour, or of services. In so far as these were of an agricultural character, they were commonly performed on the portion of their estates which the landlords retained in their own hands. This method of occupancy grew out of the state of the cultivators, in most European countries, after the destruction of the Roman power, and the establishment of the feudal system. They were then really *adscripti glebæ;* and the land was not valued so much for its fertility, its situation, or its cultivation, as for the number of serfs or villeins upon it. At the commencement of this system, and long after, the services exigible from the occupiers were quite undefined, and depended principally on the will of the lord. But a more regular system of law and government having been gradually established, the services demandable by the lords from their vassals, or the occupiers of their estates, were at the same time limited and defined. In those countries in which prædial servitude was early abolished, service rents speedily fell into disuse, and rents payable according to the metayer system, or money rents, were generally substituted in their stead. But in countries where prædial servitude kept its ground down to a comparatively recent period, or where it still exists, the nature and amount of the services rendered by the occupiers were regulated either by custom or law; and in the course of time, the occupiers acquired a sort of hereditary right to the lands they held, and could not be dispossessed so long as they paid the *corvées* or stipulated services due to the superior landlord. It is needless to dwell on the inexpediency of such a system. The labour which is performed by tenants on the grounds, and for the behoof, of their landlords, is sure to be very slovenly executed. Men never exert themselves with energy and spirit, unless they work on their own account, and reap all the advantages resulting from superior industry and enterprise. Where service rents prevail, the parties are in a constant state of contention. The landlords try to squeeze as much labour as possible out of the reluctant peasantry; and the latter, to satisfy the claims upon them with the least possible exertion. It is needless to say how a struggle of this

sort is sure to terminate. It is invariably found, where labour rents are established, that the peasantry, when employed by the piece, execute about four or five times as much work as when they are engaged upon the lord's lands. The waste of labour which it occasions is not, however, the only injurious circumstance in this system. While the occupier is liable to be called upon, at his lord's pleasure, to render such services, extending over a large part of the year, as he may require, he cannot follow any regular or efficient plan of husbandry. There is in truth no portion of time, and but few articles in his possession, which he can confidently call his own. The security of property amongst the cultivators is completely subverted; and the progress of agriculture, and consequently of society, effectually arrested.

These sort of services, after having long ceased to be of any importance, are now wholly abolished in England. But in Scotland they were exacted, to a greater or less extent, down to a comparatively recent period; and, coupled with *thirlage*, or the obligation to grind corn at particular mills, had a very injurious influence. Happily, however, they are now rarely met with, except, perhaps, in some of the more backward Highland districts. Their abolition has been of the greatest service to agriculture. Scotch tenants, being relieved from every sort of service, secured in the possession of their farms by leases of a reasonable length, and left to pursue their own interest in their own way, subject only to restrictions preventing the exhaustion of the land, have exerted themselves with spirit and success, and carried agriculture to a pitch of improvement which could not previously have been supposed possible.

But though labour or service rents are no longer exacted in England, the obligation to protect, or at all events not to destroy, the game on their farms, is a species of feudal payment which may come under this head; and is a very serious annoyance to the tenants of many estates, and a great obstruction to good farming. It is no answer to a statement of this sort, to say that the tenant being aware, in entering to, or in

agreeing to continue in, a farm, that he will have to preserve the game, will not fail to adjust his rent accordingly. As well might it be contended that tithe is no injury to the farmer, or obstacle to improvement, because its operation is known *à priori*. Whatever interferes with his management, lessens his crop, or hinders the tenant from reaping the full amount of any outlay, is injurious to him and to agriculture. And this is notoriously the case with game. In some instances, the injury occasioned by it, would hardly be compensated by the total abandonment of the rent. And not only this, but a constant irritation is kept up, and a feeling of disgust is generated in the breasts of those whose crops and pastures are injured to maintain a parcel of *feræ naturæ*, who belong to no one in particular, but who may, by a volition of their own, become the property of a dozen landlords in the course of the same day. To a little fair sporting there would probably be no great objection on the part of most farmers. But the amassing of vast quantities of game for the sake of a *battue*, which is as little entitled to be called sport as the slaughter of sheep in the shambles of Whitechapel market, is an abuse of the right of property which ought to be repressed by proper regulations.[1] Game preserves, of the kind now alluded to, become public nuisances. They not only injure and irritate the tenantry on the estates to which they belong, but their mischievous influence frequently extends to others in the neighbourhood. And, in addition to all this, they are the great incentives to poaching. "Wherever the carcass is, there will the eagles be gathered together." Robbery, outrage, and murder, have always been, and most likely will continue to be, associated with battues and game preserves. The sooner, therefore, that such nuisances are abated, the better will it be for all parties.

The account which Lord Molesworth gives of the state of the peasantry of Denmark, at the close of the seventeenth

[1] It might be effected in the easiest and most unobjectionable manner, by means of duties, to which there could be no good objection.

century, may be taken as a fair specimen of the former state of that class in those countries in which prædial servitude was established.

"If," says his lordship, "this be the case of the gentleman and burgher, what can be expected to be that of the poor peasant and boor? In Zealand they are all as absolute slaves as the negroes are in Barbadoes, but with this difference, that their fare is not so good. Neither they, nor their posterity, to all generations, can leave the land to which they belong; the gentlemen counting their riches by their stocks of boors, as here with us by our stocks of cattle; and the more they have of these, the richer they are. In case of purchase, they are sold as belonging to the freehold, just as timber trees are with us. There is no computing there by numbers of acres, but by numbers of boors; who, with all that belong to them, appertain to the proprietor of the land. Yeomanry, which is the strength of England, is a state not known nor heard of in Denmark; but these poor drudges, after they have laboured with all their might to raise the king's taxes, must pay the overplus of the profit of the lands, and their own toil, to their landlords, who are almost as poor as themselves. If any of these wretches prove to be of a diligent and improving temper, who endeavours to do a little better than his fellows, and to that end has repaired his farm house, making it convenient, neat, or pleasant; it is forty to one but he is presently transplanted from thence to a naked and uncomfortable habitation, to the end that his griping landlord may get more rent, by placing another on the land that is thus improved; so that in some years 'tis likely there will be few or no farm-houses, when those already built are fallen through age or neglect."[1]

The Queen Sophia Magdalen had the honour of giving, in 1761, the first example of a more liberal system to the Danish proprietors by enfranchising the peasants on her estates. She was immediately followed by Count Bernstorff, and subsequently by many other proprietors. In 1786, a commission was established for regulating and fixing the reciprocal rights

[1] Account of Denmark in the year 1692. 4th ed. p. 54.

and duties of the proprietors and serfs. And in 1793 a royal ordonnance was published, which promised considerable advantages to the proprietors who consented to sell a portion of their estates to the cultivators. The latter are now completely enfranchised. But labour rents are still pretty frequent, and a good deal of land is also let on the metayer system.

Labour rents were maintained down to a very late date in Hungary. Previously to 1764, the peasants of that country were in a state closely approaching to prædial slavery. But in that year, the famous *urbarium* of Maria Theresa was issued, the principal regulations of which are recapitulated by Mr Paget in his excellent work on Hungary.[1] It conferred on the peasantry the *jus libere migrationis;* though in practice the value of this privilege was lessened by the various regulations which had to be complied with before it could be exercised. It also limited and defined the demands which could be made on the peasantry by their masters; and it was only in certain cases, and then by due process of law, that they could be ejected from their holdings. But though considerably improved, the peasantry, notwithstanding this *urbarium*, continued to be in a very abject condition. They were incapable of acquiring a right of property in land. And besides their payments in labour (*Robot*)[2] and money to their landlords, they had to pay almost the whole public taxes, and were truly, as well as significantly, called the *misera contribuens plebs*. In 1835 and 1839, this system was farther and very considerably modified. Peasants were permitted to enfranchise their lands by buying up, at moderate prices, the rents due to their landlords, and taxes were made a charge upon the land, and not as previously a personal charge upon its occupiers. There can be little doubt, had this system been maintained, that in no very lengthened period the emancipation of the peasantry would have been effected without violence or disturbance of any kind. But a cautious and conservative

[1] Travels in Hungary, etc., i. 297, etc.

[2] Mr Paget has set the wretched effects of this system in a striking light; i. 306.

policy of this sort did not suit the views of the revolutionary party which unfortunately gained an ascendancy in the Diet. A vote carried in 1848, abolished all labour rents, tithes, and other payments, founded on the *urbarium* of 1764 and subsequent laws ; the indemnity to be paid to the proprietors who were thus unceremoniously divested of their undoubted rights, being, in the cant of the day, placed "under the guarantee of the national honour!" The government, under whose auspices this wholesale confiscation had been effected, was not long after suppressed. As yet, however, no settlement has been effected of the claims in dispute between the landlords and the peasantry. But it is believed that a compromise will take place, by which the *robot* or labour rent will be abolished, and a moderate money-rent, purchasable on easy terms by the peasantry, be substituted in its stead.

Prædial servitude is abolished in all the German provinces of the Austrian monarchy. The peasants may everywhere become proprietors.

In Prussia a very sweeping, and in some respects perhaps a too violent, though on the whole a beneficial, change has been effected, since 1807 in the occupancy of land. Previously to this period, when the reforms of Baron Stein and Prince Hardenberg commenced and the restriction was abolished, none but nobles or privileged parties could acquire estates. The peasantry or occupiers of land in Prussia were then divided into two great classes. The first class comprised those who had acquired a hereditary right to the lands held by them, on condition of their paying a certain rent to the superior lord, consisting sometimes of a portion of the produce of the land, sometimes of services, such as we have already described, and sometimes, and most commonly, of both. The second class consisted of those whose title to the lands they occupied was either for life only, or for a certain specified number of years ; though by a most absurd law or custom, the proprietor could not at the expiration of such term resume the lands into his own hands, but was obliged to relet them to an occupier of the same class as the one who had

left them! In order totally to subvert the feudal system, to give a stimulus to agriculture by relieving the occupiers from those servitudes which cramped their energies and fettered their operations, and above all, to interest the peasantry in the prosperity of the country, and, consequently, in the subversion of the foreign tyranny by which it was then weighed down, the government had recourse to very strong measures. It was enacted by the edict of 1811, that those peasants who held perpetual leases, on condition of paying certain quantities of produce, or of performing certain services on account of the proprietors, should, upon giving up *one-third* part of the land held by them, become the free unconditional proprietors of the other *two-thirds*. And with respect to the other class of peasants, or those who occupied lands upon life-leases, or leases for a term of years, it was enacted that they should, upon giving up *half* their farms, become the unconditional proprietors of the other *half*. The first part of this edict, or that which had for its object to relieve the hereditary holders of land from the payment of the produce and services to which they were subject, on surrendering a *third* part of their occupancies, seems entitled to every commendation. The abuses which it went to extirpate were so fatal to the public prosperity, and had, at the same time, become so inveterate, and so deeply entwined with the existing institutions, laws, and habits, that they could not have been destroyed by any less powerful means. But the other measure, or that which enabled the holders of farms under life-leases, or leases for a term of years, to acquire the absolute property of half the lands they occupied, on surrendering the other half, was an invasion of the right of property, for which no sufficient motive has been assigned, if it be not, perhaps, the desire of rousing the energies of the peasantry, in the desperate struggle in which Prussia was then engaged. And even this, one should think, might have been effected by less violent means. If the terms on which farms were let were objectionable, a law might have been introduced to amend the mode of letting; and as leases fell out, the abuses would have been gradually rectified without giving any violent shock to the security of

property. But however objectionable in principle, this measure has, in connection with the other, given a strong stimulus to agriculture. The peasantry being relieved, or having it in their power to relieve themselves, from the burdens and servitudes to which they were formerly subjected, have begun to display an energy hitherto unknown. Notwithstanding the prejudices in which they have been educated, agriculture has made considerable progress. And there is good reason to think that this progress would have been much greater, but for the law of equal inheritance which prevails in Prussia as well as in France, and the introduction and extraordinary extension of the potato cultivation. The former has reduced the land in some provinces into portions so minute as not to admit of their being properly farmed; while the dependence of the population on the potato has tended to multiply their numbers beyond the real demand for their services, to lower their wages, and to expose them to the severest vicissitudes. It is to the circumstances thus briefly glanced at, that the extraordinary increase of population in Prussia since 1815 is mainly to be ascribed.[1]

Conditions in Leases.—Much difference of opinion has existed with respect to the expediency of inserting conditions in leases in regard to management. Those who are adverse to them argue that, being framed by the landlord, whose knowledge of the practical business of farming is seldom very accurate or extensive, they are apt to proceed on mistaken views, and are for the most part either vexatious or impossible: that their strict observance can rarely be enforced; that if it were, it would reduce the occupiers to the condition of machines; that it would prevent them from taking advantage of such discoveries as may be made during the currency of their leases; and that, having no means of escaping from the prescribed mode of management, they would cease to interest themselves in the progress of agriculture, and become indifferent to every sort of improvement. Dr Smith has given his

[1] It increased from 10,169,899 in 1816, to 16,285,013 in 1849.

sanction to these objections. He has proposed, indeed, in the event of a tax being laid upon rent, that it should be made to fall more heavily on farms the tenants of which are bound by their leases to a prescribed mode of management, than on others. Such conditions are, he says, the effect of the ill-founded conceit entertained by the landlord of his superior knowledge, and uniformly tend to the prejudice of agriculture.[1]

But these statements, though in part true, are in part also unfounded, and calculated to mislead. Conditions in leases are of two kinds: viz., such as are intended to promote the improvement of farms, and such as are intended to prevent them from being deteriorated. Unless, however, the conditions meant to secure the first object are easily enforced, are not opposed to the interest of tenants, and do not improperly interfere with or shackle their proceedings, they will, probably, do more harm than good. When leases are of a reasonable length, tenants may in general be safely left, during the first period of their possession, to follow out, with but little restriction, their own views in regard to the cultivation of their farms. But it is quite another matter with the four, five, or six years anterior to the termination of their leases. Conditions to regulate the extent of land under corn and green crops, and to hinder farms from being worn out and exhausted, may then become of the greatest service, and should in no instance be dispensed with.

This, it must be observed, is not a question which can be decided on the principle of leaving every one to be regulated by his own sense of what is most advantageous: For here we have two parties—the landlord and tenant—each with separate, and often conflicting interests. It is for the landlord's interest that his farm should always be in good order, and more especially that it should be in good order when the lease is about to expire; inasmuch as the rent which it will then bring will depend very much upon its condition. But the tenant is in quite a different situation. His interest in the farm being limited to the period for which his lease endures,

[1] Wealth of Nations, p. 374.

it will, speaking generally, be his object to make the most of it during that period, without caring about the state in which he leaves it. Although, therefore, restrictions in respect to the mode of cultivation in the early part of a lease of considerable duration may, perhaps, be fairly objected to, no landlord, who has a proper sense of his own interest, or who wishes to get his estate restored to him in good order, will ever let a farm without prescribing certain rules or regulations, which it should be imperative on the tenant to follow during the latter part of the lease. These rules may not always be the best that might be devised. But if they prevent, as they can hardly fail of doing, the land from being overcropped and exhausted previously to the expiration of the lease, they will effect an important object, and be in a high degree beneficial.

These conclusions are not bottomed on hypothesis only. Those who inquire into the state of agriculture in different periods and countries, will find that wherever tenants, holding under leases, or for definite terms, are left to follow out their own views, their farms are all but universally in an impoverished and exhausted state previously to the termination of their occupancy. "In Italy," says Harte, "when the husbandman's term of holding is nearly expired, it is his custom to ruin the vineyard he rents, by forcing the trees to bear till they become barren. Such treatment is called by the neighbourhood *lascia podera*, or adieu farm."[1] This miserable system is followed from the tenants supposing that there will be less competition for farms in a worn out state, and that, consequently, there will be less risk of their being disturbed, or having their rents raised. In some parts of England, about the middle of last century, the country people had a proverb,—

> "He that havocks *may sit*;
> He that improves *must flit!*"

In other words, he that exhausts the land may continue in his farm for an indefinite period; whereas he that improves

[1] Essays on Husbandry, 2d edit. p. 160.

must pay an advanced rent, or be obliged to quit. But the fear of an increase of rent was, in ninety-nine out of every hundred cases, a mere pretence to excuse their own short-sighted rapacity. And yet this wretched practice is followed, down to the present time, in some of the finest English counties. Speaking of Berks, Messrs Grainger and Kennedy tell us that, "owing to the system acted upon, the soil, generally speaking, is very much out of condition. A tenant, up to the last one or two years of his lease, drives it as hard as he possibly can, and in fact leaves it entirely *run out*. Thus, the labour of several years is required to put it into anything like good condition; whilst, by the time A has brought his land tolerably round, his neighbour B, perhaps, intends to relinquish his farm; and thus is kept up the neglected appearance of the country. When a farmer cultivates his own property, it is, in consequence of this system, generally seen to the greatest advantage, like a fat sheep among a lean flock."[1]

A vast amount of agricultural capital has been destroyed through the prevalence of this abusive practice. And of the various parties, including the public, the landlords, and the tenants, who are injured by it, the latter are probably the greatest sufferers. In entering to an impoverished or worn out farm, a large amount of capital has to be expended, and years of the lease exhausted, before it yield either rent or profit. And though a tenant may have the satisfaction, such as it is, of having wasted his farm before his lease expires, if he take a renewed lease, he will be the principal loser by the state to which he has reduced it; while, if he leave it to go to another, the chances are ten to one that he will find that the ignorance and cupidity of his predecessor have been quite as active as his own. And these consequences having been everywhere realised when the occupiers have been left at liberty to act on their own views, it is not, perhaps, going too far to say that such landlords as do not provide against them hardly deserve to have estates. There can, in truth, be no really good agriculture where the exhaustion of farms is not prevented. And

[1] On the Tenancy of Land in Great Britain, 2d edit. p. 145.

though Smith's censure of conditions in leases be true within certain limits, yet the want of such limits, and the unwarrantable inferences which have been drawn from it, have made it, in a practical point of view, highly objectionable.

The indefinite nature of the tenures under which a very large proportion of farms are held in England, prevents their occupiers from subjecting them to the sort of treatment which they would be sure to experience were they let for fixed periods, without any stipulations in regard to management. And this very circumstance powerfully contributes to the extension and prolongation of the tenures referred to. It must be admitted, too, that were it impracticable, without improperly tying up tenants, to hinder the exhaustion of farms held under leases, it would go far to show that, how advantageous soever in some respects, they are on the whole decidedly objectionable. There is really, however, no such impracticability in the case; and nothing, indeed, can be easier than to give tenants full scope for the exertion of their skill and industry, at the same time that they are hindered from scourging and exhausting their farms. That this may be done, is shown by the example of all the most improved and best farmed districts of Scotland, where leases for reasonable periods, framed on the principle now stated, are universal; and this, also, is the case in various parts of England. It is idle, therefore, to attempt to excuse the want of leases, by referring to the exhausted state in which lands held under them are sometimes rendered back to the landlords. This is making one abuse an apology for another. By a lease we mean a contract in which the just rights and interests of the landlord, as well as those of the tenant, are secured and protected. We repudiate all one-sided contracts: and such are those leases which, while they tie up the hands of the proprietors, authorise the tenants to scourge and exhaust the land. Any sort of tenure is preferable to this; and its abolition, and the substitution of properly devised leases in its stead, and instead of the indefinite tenures now prevalent in England, would be a signal improvement.

It has been supposed that the insertion of conditions in leases, with respect to management, is a modern invention. But such is not the case. It is not very easy, indeed, partly from the silence of the original writers, and their inattention to such subjects, and partly, also, from their having attracted but little notice from the critics and commentators of modern times, to get any very precise information with respect to the method of managing landed property in antiquity. In Lacedæmon, the lands were cultivated by the helots, who seem to have been in nearly the same condition as the *adscripti glebæ* of the middle ages. The Spartans were entitled to a certain share of the produce; but they could neither increase their demands upon the helots, nor deprive them of their possessions, so long as they paid the fixed burdens.[1] In Athens, and other Grecian states, landed properties were not generally extensive, and the proprietors seem, in most instances, to have occupied them directly, most commonly employing slaves, but occasionally also free labourers, in their cultivation. But, though there are good grounds for thinking that this was the most usual, it was not the only mode of managing landed property. In Greece, lands were sometimes let on lease, as in England, for a considerable number of years, at fixed money rents, and under regulations which evince considerable knowledge of agriculture. Theophrastus mentions that it was usual, in the island of Thasos, for proprietors, in letting farms, to guard against the tenants exhausting the land by overcropping. Reynier conjectures, with much plausibility, that this mode of letting had not obtained in Attica; for if it had, Theophrastus would not have referred to Thasos for an illustration of the practice.[2] But specious as this conjecture may appear, it has been ascertained to be without foundation. The attention of the learned world has, within these few years, been called to some inscriptions of unquestionable authenticity.[3]

[1] Reynier, "Recherches sur l'Economie Publique des Grecs." p. 247. Muller's Dorians, ii. 32., Eng. Trans. [2] Id. p. 377.

[3] Given by Boeckh in his work on ancient inscriptions, vol. i. p. 132. published at Berlin, at the expense of the Academy.

brought from Greece a long while ago, and now in the University of Leyden, which have been strangely overlooked, that are decisive of this question. They do not refer to the practice of letting land in Attica, but are themselves real leases. One of these inscriptions was found near Mount Hymettus, and is dated in the fourth year of the 108th Olympiad, or 345 years before the Christian æra. It is a lease by the Aexonians, the towns' people, or demos of Aexone, of a piece of land called the Philais, near Mount Hymettus, to a father and his son, for forty years, for 152 drachmas a-year. But as it is alike curious and instructive, we beg to subjoin a translation of this inscription.

"The demos of Aexone let on lease the Philais, to Autocles the son of Auteas, and to Auteas, the son of Autocles, for forty years, for 152 drachmas a-year; the said land to be farmed by them, or planted with trees, as they please; the rent to be paid in the month of Hecatombæon. If they do not pay it they forfeit their security, and as much of the produce as they stand in arrear. The Aexonians are not to sell nor to let the said land to any one else, until the forty years have elapsed. In case of loss on the part of the tenants, by hostile invasion, no rent to be paid, but the produce of the land to be divided between the Aexonians and the tenants. The tenants are to deliver up half the land fallow, and all the trees upon the land; for the last five years the Aexonians may appoint a vine-dresser. The lease to begin with respect to the corn land with Eubulus the Archon entering into office; but with respect to the wood, not before Eubulus goes out of office. The lease to be cut upon stone, to be set up by the magistrates, one copy in the temple of Hebe, the other in the Lesche; and boundary stones (ὅροι) to be set up upon the land, not less than two tripods on each side. And if a tax should be paid for the land to government, the said tax to be paid by the Aexonians, or if paid by the tenants, to be deducted from the rent. No soil to be carried away by digging of the ground, except from one part of the land to another. If any person makes a motion in contravention of this contract, or puts it to the vote, he shall be answerable to the tenants for

the damage." And there are some further stipulations with respect to the cutting of the olive trees, and the division of the price obtained for them between the Aexonians and the tenants.

This inscription or lease, shows conclusively that the letting of land for a money rent, for a considerable number of years, and under conditions with respect to management, was well understood in Attica. The terms of the lease are such as indicate an advanced state of agriculture. The clauses binding the tenants to have half the land in fallow at the termination of the lease, and authorising the Aexonians, or lessors, to appoint a vine-dresser for the five years previous to its expiration; the making different entries to the corn and vine lands; the provisions with respect to the damage that might arise from hostile invasions; and the prohibition of carrying away any portion of the soil to another farm, discover a disposition to protect, as far as possible, the just rights and interests of both parties. The lease cannot be objected to on account of its being for too short a term. In this country it would be thought too long.

The reader will find, in the valuable work of Boeckh, on the Public Economy of Athens,[1] an inscription containing a lease of lands belonging to the Piræus, or port of Athens. It is dated in the 4th year of the 104th Olympiad, and is for ten years; the rent is made payable by equal portions, in the months of Hecatombæon and Posideon—the first and sixth months; the lands for the first nine years are to be cultivated according to custom; but in the tenth year the half only is to be ploughed. There are some additional stipulations with respect to the security to be given by the tenants; and the carrying away of wood and earth is prohibited.

We have no such precise information with respect to the letting of lands in ancient Italy. It would seem, however, from the statements of Columella, that when farms were let to *liberi coloni*, or free tenants, they were bound to a certain

[1] Vol. ii. p. 15, Eng. Trans.

system of management. He recommends landlords to be more rigid in enforcing conditions than in exacting rent; for, says he, "ubi sedulò colitur ager, plerumque compendium, nunquam detrimentum affert, eoque remissionem colonus petere non audet."[1] Pomponius Festus says, that those who let lands were in the habit of stipulating that two corn crops should not be taken in succession.[2]

Letting by Auction and Private Bargain.—The letting of land by private bargain, rather than by auction, has been approved by the highest authorities, and is conformable to the best established principles. There are three evils to be avoided in letting farms: first, that they be not let too cheap; second, that they be not let too dear; and third, that they be not let to parties deficient in skill or capital. Letting by auction affords a sufficient guarantee against their being let too cheap; but while it affords no guarantee against their being let at too high rents, and to improper tenants, it is very likely to lead to both. There is an excitement at an auction which frequently makes even a cautious individual go further than he would do in his cooler moments, or under other circumstances. He sees parties offering more than himself for a farm which he wishes to possess. His first impression, most probably, is, that they over-estimate its value. But the fact that they are making offers which do not, perhaps, greatly exceed his, gives him a sort of adventitious confidence. He begins to think that the farm may really be worth more than he had supposed, and is led, step by step, to go considerably beyond the limit he had previously fixed upon. But the over-renting of land is an evil that should be carefully guarded against. If the rent of a farm be really too high, that is, if it cannot be paid by an industrious and skilful tenant, possessed of sufficient stock,

[1] Lib. i. cap. 8.

[2] "Restibilis ager," he observes, "dicitur qui biennio continuo seritur farreo spico, id est aristato; *quod ne fiat, solent qui prædia locânt, cavere.*" See Recherches Historiques sur l'Agriculture chez les Romains, p. 82.

without wholly abstracting, or even seriously encroaching upon that liberal return for his services and capital to which he is justly entitled, he gets disheartened, and loses all motive to exertion. The farm is badly managed; scourging crops are resorted to, and, in the end, it is thrown upon the landlord's hand in a worn-out condition, and with a bad character in the vicinity.[1] A proceeding of this sort is ruinous to all parties. And to obviate its occurrence, the best plan is for landlords to have their farms valued by competent, and not over-sanguine judges, and to let them, by private bargain, to approved tenants, at the rents they have specified.

It is not uncommon in some places, in letting lands by auction, for landlords to reserve the privilege of choosing among the three highest bidders. But neither of these parties may be a desirable tenant; and, unless there were something clearly objectionable about the highest bidder, it would be invidious to pass him over.

Some landlords who let farms in what they call a private manner, adopt a practice which is not a little questionable. They have a party in view whom they wish to prefer, and in the event of his offer being less than that of some one else, they communicate the fact to him, with an intimation which is perfectly well understood, though it may not be distinctly expressed, that if he amend his offer it will be accepted. This is an unfair proceeding, and tempts the party to offer more than he believes the farm is really worth. And this, as already seen, is a serious evil. When offers are privately taken for a farm, the highest should not necessarily be preferred; but that offer should be accepted which is supposed by good judges to be nearest to the fair value of the farm, provided it be made by a respectable individual, possessed of the requisite capital and skill.

Over-Renting and Under-Renting.—Whenever it is ascertained that the rent of a farm is too high, it should be re-

[1] See for a striking example of this, "Caird on English Agriculture," p. 25.

duced. In all cases, too, it will be for the advantage of the landlord to act on this principle without waiting till the tenant is dispirited, his capital wasted, or his credit shaken. The necessary reduction may be made in different ways. Sometimes the landlord makes a permanent and unconditional abatement; sometimes, however, the abatement is only made for a year or two; and occasionally, also, the landlord reserves power, at a future period, if he think proper, to demand payment of the abatement.

But a little reflection will serve to show that a permanent reduction is in all respects most advantageous for the landlord as well as the tenant. A temporary reduction, though absolute and liberal, affords no security in regard to the future. It gives no guarantee to those who may have any dealings with the farmer; and who, were the reduction permanent, might be willing to assist him. By reserving power to demand an increase of rent at any future period, the landlord supposes, perhaps, that he will be able to profit by any rise of prices which may take place in the interval; and this, no doubt, is the case. But he forgets that, in attempting to secure this future and contingent advantage, he destroys the independence and credit of the tenant, and impairs or paralyses his energy. No present liberality can give security for the future; and no tenant can act with confidence, or make outlays in the hope of a distant return, if his rent may be raised at the mere pleasure of the landlord. Nothing, therefore, can be a greater error, than to imagine that proprietors who make permanent abatements to tenants, whose farms are really over-rented, act inconsiderately in regard to their own interests. On the contrary, the plan which they follow is the most likely of any to maintain the value of their estates and the amount of their rent-roll at the highest average level.

But, while we deprecate the over-renting of land as being highly detrimental to agriculture, we are not of the number of those who think that its interests will be promoted by letting farms below their fair value. On entering on a lease, tenants should be acted upon by the stimulus of fear as well as of hope; and while, on the one hand, skill, industry, and eco-

nomy should not be hindered, by too high rents, from securing to the occupiers a proper maintenance for their families, and an adequate return for their outlays, so neither, on the other hand, should rents be so low as to permit them to be either indolent or careless. It is difficult, in fact, to say whether the letting of land at too high or too low rents be most prejudicial. To make farmers leave off those routine practices to which they are so apt to be attached, and become really industrious and enterprising, they should, besides having the power to improve their condition, be made to feel, that if they do not make the requisite exertions, they will certainly be ruined. To satisfy ourselves that this is necessary, we need only contrast farms occupied by tenants at rents considerably below their fair value with those let at that value. Speaking generally, the condition and culture of the former are very inferior, indeed, as compared with the latter. The occupiers of the under-rented farms, being able to pay their rents, and make a little money without any unusual exertion, move on in the routine system to which they and their fathers have been accustomed; whereas necessity compels the occupiers of the higher rented farms to adopt every device, how novel soever, by which their produce may be increased, and the expense of cultivation diminished.

Arthur Young has some conclusive remarks on this point in his "Tour through the Northern Counties." "A rise of rent," says he, "ought not to be considered as a transfer of income from the tenant to the landlord, but rather as a creation of income. There is scarcely a track of country in the kingdom, in which a rise of rent to a certain pitch is not attended with a corresponding increase of product. Instances are everywhere innumerable of farms low rented, that have been occupied by none but slovenly, poor, and ruined tenants; whereas the same farms doubled or trebled in the rent, become the fortunes of succeeding occupiers. There is nothing in this difficult to be accounted for. High rents are an undoubted spur to industry. The farmer who pays much for his land, knows that he must be diligent or starve. Land of 30s. an acre must yield good crops, or its occupier be ruined.

Whatever be the nature of the soil, that circumstance will make it yield them. In no part of England, where rents are low, is there good husbandry. Norfolk is not an exception: the waste parts of that county were thrown into very large farms; the soil would yield nothing without marling; consequently none hired it but men who were either rich or could command money. A first expense of three or four pounds an acre is, considering the value of ready money to a farmer, no low rent. Wherever land is under-let, twenty to one but the farmers are slovens, unless some such circumstance operates."[1]

Many similar passages may be found in other parts of the same work, and in Young's other publications. Indeed, all the most intelligent writers on agriculture are agreed in regard to the injurious influence of under-renting. We have already referred to the account given by Mr Caird of the Duke of Cleveland's estate, which is let greatly below its value. In another part of his work the same gentleman writes as follows:—"Rent is very capricious, often more regulated by the character of the landlord or his agent, and the custom of the neighbourhood, than by the value of the soil or the commodities it produces. There is not a county in England where this is not exemplified. On one estate we shall find land let at 20s. an acre; and on the next, farms of the same quality and with the same facilities of conveyance, let at 30s. With farmers of equal skill and enterprise, this difference of rent remains in the pocket of the fortunate tenant who holds under an easy landlord. But exertion is generally the child of necessity, and the man who must pay 30s. is obliged to be industrious, while his neighbour may be indolent, and in that case the difference of rent is lost to all, because indolence leads to diminished production. The active and industrious man employs more labour to raise an increased produce, that he may be enabled to pay his higher rent."[2]

[1] "Six Months' Tour in the North of England," iv. 343.

[2] "English Agriculture" in 1850-51, p. 477, the best work on the subject which has appeared since the "Tours" of Arthur Young. Mr

Subletting and Subdividing.—The question whether tenants should be permitted to sublet their farms, has been variously argued. It is alleged in its favour, that were it allowed, skilful agriculturists, with adequate means, would take unimproved or exhausted farms; and that, after bringing them into good order, and subletting them for a profit, they would take others, and so accelerate the progress of improvement. But it is contended by parties better informed on such matters, that this expectation neither has been, nor is at all likely ever to be, realised. The supposed speculation is too hazardous; and no prudent tenant will lay out money on improvements unless he has resolved to occupy the farm himself, or knows that he may sublet it to one of equal skill and means. There is no doubt, too, that the granting of power to sublet, tends in some degree to weaken the exertions of the occupier. When a man enters upon a lease for nineteen or twenty-one years, which he cannot transfer to another, he loses no time in undertaking such improvements as he supposes will be advantageous; for as he knows that his interest in the farm will terminate with his lease, he also knows that the longer the improvements are delayed, the less profitable will they be. But to produce this effect in its full extent, the lessee must be impressed with the conviction that he or his heir is to occupy the farm during the entire lease. Parties who might not avail themselves of the privilege of subletting, might nevertheless, were it granted, hesitate about it; and the effects of this hesitation would very soon appear in their management.

Davis, in his "Agriculture of South Wales," mentions an instance of a gentleman who expended £20,000 in improving the lands of his tenants, without charging them a sixpence of additional rent. He died; and his successor being of a different cast, left off improving, and tried what might be done by *doubling rents!* And Mr Davis says, that however painful to relate, this advance of rent, though considered oppressive in the first instance, did more to promote improvement and the interest of all parties, than all the benevolence of the preceding proprietor. "The tenants were now compelled to do themselves what another did for them before." —*Agriculture of South Wales*, i. 165.

It may, perhaps, be argued, that the concession of the privilege in question would not make a farmer lessen his exertions, seeing that the more they were improved, the higher would be the rent for which the lands would sublet. And this, no doubt, would hold good to a certain extent. But it must be recollected that a tenant bound to occupy a farm during the entire lease, has only to satisfy himself that an improvement will be profitable; whereas, if he may sublet, and intends to avail himself of that power, or is hesitating about it, his remuneration for any outlay will depend upon his being able to satisfy others that it may be returned with a profit. Tenants so situated, are therefore led, if they undertake any improvements, to attempt such only as most readily strike the eye, and appear advantageous; while those really more beneficial ones which they would have undertaken had they felt assured, from the outset of their leases, that they would have to hold the farms to their close, are not thought of at all, or are postponed to some future period.

But though, as a general rule, subletting should be prohibited, there are a few cases in which it may be advantageously allowed. If a man who has laid out a considerable sum on a farm, die during the currency of a lease, leaving a widow and a family of young children, it would be difficult to vindicate the policy of hindering them from subletting the farm in the event of their thinking it expedient. And, to obviate the hardship of such cases, and give additional security to tenants, it might be stipulated, in letting farms, that the lessees should occupy them during their own lives; but that, in the event of their death, their heirs might either occupy or sublet them.

Being contrary to the common law of Scotland, no farm, unless it be expressly authorised in the lease, which is seldom the case, can be sublet. For the reasons previously stated, this law has undoubtedly conduced to the advantage of agriculture. But instances have occurred, when, owing to the death of the tenant, and the want of any special provision to meet that contingency, it has been productive of considerable hardship.

In some, though luckily in but few cases, the power of subdividing, as well as of subletting, their farms, is granted to tenants. But no ordinarily prudent landlord will ever, under any circumstances, concede such a power. Where it is granted, a farm, which is not more than adequate for a single tenant, may, previously to the termination of a twenty-one years' lease, and indeed of one much shorter, be divided among some ten or a dozen beggarly occupiers. And the situation of the neighbourhood may be such as to render it very difficult for the landlord to get rid of such parties, and save his property from ruin.

In Scotland, and some other countries, leases are considered in the light of an inalienable estate, and descend, unless special provision be made to the contrary, to the heir-at-law of the tenant, to the exclusion of assignees and subtenants. And, notwithstanding the apparent stringency of this law, it has been found to answer extremely well in practice. In other countries again, as in England, leases are regarded in the light of a moveable property, and unless prevented by a positive stipulation, descend equally to the children, and may be assigned to others. Here this regulation has not been productive of any bad effects, a circumstance which may be ascribed principally, perhaps, to the great extent of land occupied by tenants whose tenure does not depend on any precise agreement with their landlords, but on the custom of the estate or district. Farms held under these tenures, are not generally divisible amongst the children in the event of the death of the occupiers. And when estates are let on lease, or under equivalent engagements, it is customary to prohibit subdivision. In addition to these checks, the poor laws have inspired the landowners with a salutary dread of the too rapid increase of the agricultural population; and have made them take efficient measures to hinder the splitting of farms, and the building of unnecessary cottages.

In Ireland, where the law as to leases is the same as in England, but where the checks that have hindered subdivision and subletting in the latter did not exist, these practices have been carried to a ruinous extent; and did more, per-

haps, than anything else, to injure agriculture, and to overspread the land with a redundant and a beggarly population.

It hence results, that in the leasing of land, subletting and assigning, except in the event of the occupier's death, should be disallowed; and that the prohibition of subdivision should be a fundamental condition in all leases and tenures, whatever their description.

Entry to Farms.—There is a great difference in different places in regard to the conditions under which tenants succeed each other. The practice in Kent, and most part of the southern counties, is to oblige the entering to pay the outgoing tenant, by a valuation, for the crop on the farm, for work done in ploughing, fallowing, etc., and for manure and other items. Messrs Kennedy and Grainger have shown, in their valuable work on the Practice of Tenancy, that this custom is highly objectionable, and that it has a powerful influence in keeping agriculture in a backward and depressed state. It obliges the new tenant to pay for articles which, probably, he does not want, and for work which he has not superintended, and which, perhaps, is not well executed, or executed to his mind. In consequence, too, of this practice, a large proportion of the tenant's capital is swallowed up at the moment of his entering the farm, and when, of course, it is of most importance that he should have his entire funds under his control. The gentlemen now referred to affirm that, "in many counties in England, a farmer entering upon 200 acres of land, with a capital of £1,500, has to pay, according to the custom of the place, £1,200 upon a valuation, and for stock, leaving him only £300 to carry on his business; whilst in the north, and in Scotland, a farmer may enter upon the same quantity of land, having no valuation to pay, with only £800, and, after stocking his farm to the best advantage, have the same sum left that the other has, with much better opportunities of employing it profitably."[1]

The same gentlemen observe, in reference to Kent, where

[1] Practice of Tenantry, Introduction, p. 16.

a very large sum has usually to be paid by the entering to the outgoing tenant, that "if his (the new tenant's) first year turns out bad, he is irretrievably ruined; which is and has been the case with hundreds, who, having entered upon a farm with all the money they could raise, have nothing left to carry it on, in the event of declining markets, or a wet season, affording them an unfavourable price for the produce of their first harvest."[1]

The sooner this practice is changed the better. In Scotland, the usual term of entry to a farm is Whitsuntide; the outgoing tenant having liberty to cut the crop, and to use the barns for its thrashing, but being obliged to leave the straw to his successor. The outgoing tenant is always compelled, by the terms of his lease, to leave a certain proportion of his lands in green crop or fallow; but for this the new tenant pays nothing; and as, speaking generally, the outgoing tenant enters into some other farm where the like practice prevails, no injustice is done to any one; while each commences operations with an unimpaired capital, which he disposes of according to the best of his judgment. This, and the plan of granting leases for periods of nineteen years certain, with judicious stipulations as to management, form the peculiar excellence of the Scotch system. "It is these that render estates in Scotland so much more valuable than in England, the rents in the former being nearly double what they are in the latter. It is true that in Scotland the tenants pay no taxes or rates; but, after deducting for this, rents would still be higher (allowing for the measure) by 5s. an acre, than they are in England; and, under the Scotch system, a farmer would derive a greater advantage from paying an additional 5s. per acre, than he would by entering upon a farm subject to a valuation, even at a deduction of 5s. per acre; thus making a difference of no less than 10s. an acre."[2]

Claims for Unexhausted Improvements.—The previous state-

[1] Practice of Tenantry, p. 250.

[2] *Ibid*, Introduction, p. 16: and see *post* on the "Tenant's Right" in Ireland.

ments appear to be pretty decisive in regard to the question, which has latterly been a good deal discussed, of allowing tenants about to leave farms, a claim to the value of unexhausted improvements. The recognition of any such claim would be most mischievous, and is, indeed, quite at variance with the principle of occupancy for specified terms. Tenants holding under leases for such terms are anxious, as already seen, to undertake all necessary works with the least possible delay, that they may derive from them the largest amount of profit. But if they could make a charge at the close of their leases, for unexhausted improvements, it would be comparatively indifferent to them when they began operations, and the undertakings most indispensable might be indefinitely deferred. Although, however, these results should not follow, as they would necessarily do from the introduction of this practice, it would give rise to others of a still worse description. The occupancy and improvement of land would be associated with all sorts of frauds and abuses; shams would be substituted for realities; and skilful impostors would fatten on pretended improvements. How is the value of what is called an unexhausted improvement to be ascertained? It is obvious that no fixed rule or standard can be appealed to in deciding upon such questions. They must be left to arbitration. And, considering how impracticable it is to ascertain anything of their real value, with the ignorance and the biases of those who would have to be taken for arbiters, full scope would be given to every variety of jobbing and trickery. Every one who knows anything of the nature of the valuations effected in England, though in general they comprise only the values of ploughings, standing crops, and collections of manure, must wish for their suppression. They are, in truth, a mere tissue of abuses. On this point the following statement by Mr Caird is quite conclusive:—

"In our letter from the West Riding we referred to a custom, existing in the southern part of it, of compensation to the out-going tenant for certain acts of husbandry and unexhausted improvements; or, as they are more briefly termed,

'tenant right.' In no other part of Yorkshire have we met with this custom; and we have not the slightest hesitation in saying, that any dispassionate observer who will compare the state of farming in that part where it exists with the general average farming of the East and North Ridings, where it never has existed, will at once affirm that it has not produced a better style of farming. On the contrary, the farming of the southern division of the West Riding is not to be compared in any single point with that of the wolds of the East Riding, or the better farmed lands along the Ouse and Humber, or in Holderness, or the North Riding. And we were assured by an extensive farmer of much experience in the West Riding, who has himself had to pay this tenant right, and is therefore familiar with its operation, that it leads to frauds of every kind,—which, in truth, cease to be counted frauds, inasmuch as the party who suffered at his entry feels himself justified in retaliating on his successor. Instances have been known of toll-men being bribed to sign for false quantities of manure as having passed through their bar; and it is quite common to secure the services of a valuator, not according to his character for skill and justice, but mainly in reference to his skill in getting up and carrying through a 'good' valuation. One absurdity of the system is, that five 'dressings,' or preparatory ploughings and harrowings, are, as a matter of rule, charged against the last turnip crop, though very possibly two or three such dressings at the utmost are all that a skilful farmer would himself bestow. So sensible are the valuators of the haphazard nature of their awards, that they, in rendering their account, specify each item for which a charge is made; but, to prevent unnecessary questions, they put down no sum opposite to that item, contenting themselves with a single and lump sum for the whole at the last. In what other branch of business would such a blundering system be tolerated? The best farmers are now desirous of having certain points restricted, and believe that it would be a benefit to their class if the landlords would purchase up and put an end to many of its vexatious exactions. An entering tenant who has to pay down in cash a considerable portion

of his whole capital for a doubtful benefit, the return from which he cannot reap till he himself quits the farm, is greatly crippled in his means at the very outset; and it is notorious that some farmers are become so expert in the trade that they make a business of taking a farm for a few years, and then quitting it with a high valuation. We repeat that, to whatever other consequences this custom may lead, whether to landlord or tenant, it has not, in the southern division of the West Riding, conduced to superior farming."[1]

Now, if such statements may be truly put forth with reference to the valuations which are at present made in England, what would they be if they referred to bygone outlays, to drains executed at some distant period, to manures already ploughed down and incorporated with the soil, or to twenty other things of which none could tell the value? And hence, whatever changes may be introduced into the tenures under which lands are held in England, it is to be hoped that the quackish proposal in regard to unexhausted improvements may not be one of them. It is altogether incompatible with anything like either good husbandry or fair dealing. And there is not even a plausible pretence in its favour; for, when tenants are secured in the possession of their farms for specified terms, it is their own fault if they make any outlays without an adequate return; and the loss they may in consequence incur, is but a proper penalty on their delay or ignorance, or both. Even in the limited extent to which the proposed scheme exists at present, it is found to be most injurious; and few things would do so much to facilitate improvement, as the total suppression of the payments that are now made by entering to out-going tenants.

Letting of Land by Fine.—Letting of lands for a number of years, generally seven, by fine (Scottice *grassum*), was formerly customary in England; but is now rarely practised, except upon estates belonging to the church and the universities, where it still retains its ascendancy. It is one of the worst

[1] English Agriculture in 1850-51, p. 328.

modes of letting that can be adopted. "This practice," says Adam Smith, "is, in most cases, the expedient of a spendthrift, who, for a sum of ready money, sells a future revenue of much greater value. It is in most cases, therefore, hurtful to the landlord. It is frequently hurtful to the tenant; and it is always hurtful to the community. It frequently takes from the tenant so great a part of his capital, and thereby diminishes so much of his ability to cultivate the land, that he finds it more difficult to pay a small rent than it would otherwise have been to pay a great one."[1]

The practice of letting land by fine was latterly beginning to make considerable progress in Scotland, at least on the estates of entailed proprietors. And had it been legal, it would, no doubt, from its giving heirs in possession the means of procuring an immediate advantage at the expense of their successors, have been pretty generally followed. Happily, however, the House of Lords found, on the question being brought before them, that the practice was illegal, and quashed a system inimical to agriculture and to the public interests. It seems highly expedient that the legislature should interfere to put an end to the practice of letting church and college lands by fine.

Tenant's Right.—The prevalence of what is called "tenant right" in Ulster, and to a considerable extent in the other provinces, is a remarkable feature in the economy of Ireland. It has been defined by Mr Hancock, agent to Lord Lurgan, to be "the sum of money which the new occupier must pay to the old one for the peaceable enjoyment of his holding, or his good will."[2] It varies in value, according to circumstances, from £5 to £20, and upwards, per statute acre, and sometimes, in fact, is about equal in value to the fee-simple of the land. Different opinions have been entertained as to the origin of this singular right; by some it is said to have had its source in old feudal relations. But the better opinion seems to be, that it origin-

[1] Wealth of Nations, p. 374.

[2] Occupation of Land Commission, i. 1483.

ated in payments made by tenants entering into possession for improvements made by those leaving the land; and that it has grown into a custom, enforced in cases where no improvement whatever has been effected, from land being all but indispensable to the existence of the occupiers, and from the odium which attaches to any one who takes land held by another.

But however it may have originated, it is a custom subversive, in great degree, of the right of property, and highly injurious. It would be to no purpose to repeat the arguments by which we have already endeavoured to show the inexpediency of allowing tenants to make claims for unexhausted improvements, or for work executed on farms during the last year of their occupancy. The recognition of such claims is good for nothing unless it be thought desirable to encourage fraud and litigation. In Scotland, where no tenant right exists, or ever was heard of, there is no disinclination on the part of the occupiers to lay out capital on improvements. And though it may be said that this is a consequence of their holding under leases for terms sufficient to secure them the full benefit of any outlay they may make, yet the want of leases is no excuse for attempting to introduce a claim for unexhausted improvements or for tenant right. If a man holding under a tenure, terminable at six months' notice, choose, for example, to lay out money on furrow-draining, he takes upon himself the risk of such a proceeding. And this risk is, in the majority of cases, really but trifling. For landlords are well aware, that were they prematurely, and without good cause, to eject tenants who had improved their farms, they would not only be exposed to a storm of reprobation, but would effectually prevent another sixpence from being expended on their estates. It is in truth quite as much for the interest of the landlords as of the occupiers, that the latter should not be capriciously dealt with; and the conduct of the great majority of English landlords, shows that they are fully alive to the importance of this principle. It is only when estates are sold, or come into the hands of new proprietors, that the tenants run any very con-

siderable risks; and it is the peculiar merit of leases, that they obviate these, and give perfect security to the occupiers.

But even if a recognition of a claim to unexhausted improvements were as beneficial as it would be mischievous, that circumstance would go for little or nothing in vindicating tenant's right, as the phrase is now understood in Ireland. It is claimed on lands that have been notoriously deteriorated, and even when the tenants have been evicted for non-payment of their rents. It is now, in truth, neither more nor less than a customary fee or premium paid by the entering tenant to insure himself against outrage and assassination. And everywhere, except in Ireland, it would be seen to be for the interest of all classes that such a custom should be suppressed. Its existence is an undisguised invasion of the right of property, and a disgrace to government, whose functions it pretends to usurp. No doubt it contributes to hinder the eviction of the tenantry; and that is really one of its worst effects. It is a contradiction, and an absurdity, to suppose that landlords will either consolidate their estates into too large farms, or dismiss really deserving tenants. And this so-called right, by making it considerably more difficult to get rid of superfluous and improper tenants, is a principal cause of that subdivision of the lands, and of those bad practices which disgrace Irish agriculture.

The claim for tenant right, by swallowing up the capital of an entering tenant, has all the injurious effects which, it has been previously seen, result from letting lands by fine. It is farther injurious to the occupiers, and indeed to all classes, by its tendency to neutralise the difference between liberal and illiberal landlords. For a tenant entering to a farm belonging to a liberal and an improving landlord invariably pays a proportionally larger sum as tenant right, and conversely when the landlord is of an opposite character; so that the good qualities of the proprietors, under this preposterous system, really redound more to the advantage of the tenants leaving the estate, than of those who come to live upon it!

The comparatively flourishing state of Ulster has been ascribed to the prevalence in it of tenant right; whereas it

is wholly a consequence of the greater industry and intelligence of the inhabitants, very many of whom are the descendants of English and Scotch settlers. Tenant right is quite as prevalent in some of the most backward and depressed districts, as in Down. And though, in certain cases, its influence may be overcome by countervailing circumstances, there can be no question that it is everywhere a most formidable obstacle to improvement and good management.

But, how desirable soever, it is not easy, seeing the universality of the practice, to suggest any means by which it may be got rid of. We are, however, inclined to think that this might be effected by the landlords, on a change of tenants, paying the tenant right to the outgoing tenants, and admitting the new tenants without any charge on that account, on their renouncing all claim to any tenant right on their leaving their farms, or being ejected from them. There would be no injustice to any one in an arrangement of this sort; and were it steadily acted upon, it would get rid of a practice which is highly detrimental to agriculture; and which, if let alone, will most likely end in the absorption of the entire rights of the present proprietors.

AN ESSAY

SHOWING THE

ERRONEOUSNESS OF THE PREVAILING OPINIONS

IN REGARD TO

ABSENTEEISM.

HAVING had the honour to be examined in 1825 by a committee of the House of Commons on the state of Ireland, I ventured to contend, that the outcry against absentee expenditure was unfounded, that it was not really injurious, and that it had nothing, or very little, to do with the distress so long prevalent in the sister island. On being published, this evidence was received with a loud burst of reprobation. Had I written an essay in defence of robbery or assassination, it could hardly have met with a more unfavourable reception. "Illogical," "drivelling," "unprincipled," "venal," and "profligate," were not, by any means, the worst of the epithets that were applied to it, and to its author. And yet, singular as it may appear, all this boisterous indignation was directed against a very obvious application of those free-trade principles which have since happily gained the ascendant. It had previously been established, and is now universally conceded, that gentlemen who consume nothing in their families but what is brought from abroad, are quite as good, as useful, and as meritorious subjects, as they would be did they consume nothing but what is produced at home. And such being the case, it will require a sharper eye than has yet looked at this

subject, to discover the great injury which is said to be done by their going abroad. If free-trade be a good thing, absenteeism cannot be a bad thing. And those who join the chorus in favour of the former, had better, if they would have it supposed that they know anything of the matter, say as little as possible to the prejudice of the latter. The subjoined essay is taken, with no very material variation, from the Eighty-fifth Number of the "Edinburgh Review," November 1825. It helped to stem the torrent of abuse, and has yet to be answered.

With very few exceptions, most of those who have inquired into the causes of the peculiar state of Ireland, from Sir John Davis and Mr Laurence, down to Lady Morgan and Mr Southey, have joined in ascribing a large share of the poverty and turbulence of its peasantry to the non-residence of the principal proprietors. It must be admitted, too, that this opinion seems, at first sight, to be as well founded as it has been universal. The wealth which is sent abroad to absentee landlords and capitalists, seems to be entirely lost to the country; and to occasion a proportional diminution of its means of supporting and employing the people who remain in it; at the same time that the inferior classes lose the various benefits derivable from the residence of the gentry, and the protection and assistance which, it is taken for granted, they would afford them did they live on their estates.

But after weighing these statements, and giving the subject a good deal of consideration, we confess that we see no grounds for joining in the clamour which has been so long and so loudly raised against absenteeism. The character of the people of Ireland, and the peculiar circumstances under which they have in other respects been placed, are quite sufficient to account for their degraded condition. And it will not, we think, be difficult to show, that the non-residence of the landlords is, if not entirely innocuous, of so very little importance, that it may safely be left out of view in estimating the causes of Irish misery.

Absentee landlords are said to be injurious, *first*, and prin-

cipally, because they spend that wealth in another country, which, were it spent at home, would afford employment to a number of tradesmen, labourers, and industrious people; and, *second*, because the country is deprived of the moral benefits which would result from their residence, and the peasantry left to be fleeced and plundered by those who have no permanent interest in their welfare, and whose only object is to benefit themselves. We shall offer a few remarks on each of these heads.

With regard to the *first*, or the disadvantage supposed to be occasioned by the landlords *spending*[1] their incomes in another country, it will not, we think, be difficult to show that it is all but imaginary. The rents of the Irish absentee landlords are said to amount to four, or four and a half, millions. We suspect that this statement is a good deal exaggerated; but assuming it to be accurate, the primary question is, how are these rents remitted to them? Now, as there is no excess of specie in Ireland, and Bank of Ireland notes do not circulate in England, it is obvious that they cannot be remitted except by exporting an equivalent amount of Irish raw produce and manufactures. Were the absentees to return to Ireland, there would be an increased demand for commodities, or labour, or both, in the home market, to the extent of four, or four and a half, millions. But it is plain that this increase of demand in the home market, would be balanced by an equal diminution in the foreign market. And unless it were shown that foreign merchants trade for smaller profits than the home merchants, we must be satisfied, on the first blush of the matter, that the expenditure of those landlords who reside in London or Paris, it is no matter which, contributes as much to promote industry in Ireland, as if they resided in Dublin or Cork.

It may be said, indeed, that the rents of the absentees are

[1] It is to be carefully observed, that this discussion refers only to the SPENDING of income, or to its outlay and consumption in housekeeping, and the expenses necessarily connected therewith. It must not be mixed up or confounded with anything else.

neither remitted in specie, nor in bank-notes, nor in Irish produce, but in drafts on foreign merchants, or *bills of exchange*. But what, may we ask, is a bill of exchange? Is it not an order addressed to an individual residing in another part of the same, or in a foreign country, directing him to pay a debt he has already contracted, or is about to contract, to the drawer of the bill, to some other party specified by him? Notwithstanding their liberality, the merchants of England would hesitate not a little, before they furnished the Irish absentees even with four thousand pounds, without receiving an equivalent, that is, without receiving four thousand pounds worth of Irish produce. This, then, is the manner in which absentee expenditure operates. The agent of an absentee landlord, after collecting the rents of his principal, say £10,000, buys a bill of exchange with this sum from an Irish merchant. And the latter, in order to supply his correspondent in London, Liverpool, or Paris, on whom the bill is drawn, with funds to pay it, *must*, for it is in no respect optional with him, go into the Irish market and buy £10,000 worth of the raw or manufactured products of the country, and send them to the order of his correspondent. Where, then, is the difference to Ireland, in so far as the demand for commodities is concerned, whether the landlord be or be not resident? When resident, he expends his rent partly on Irish produce, partly on foreign produce imported into Ireland in exchange for Irish produce, and partly on wages. And when he is not resident, his agent pays it away for a bill of exchange of the same amount to a merchant, who lays it wholly out in the purchase of Irish produce fitted for exportation. The products and services bought are not the same in both cases; but the same sum goes in both to reward Irish industry and labour. However it may be turned or twisted, it will be found, on analysing any case that may be presented, that this is the whole difference, in so far as expenditure is concerned, between a resident and a non-resident landlord. The one exchanges his income for Irish commodities, or their equivalents, which he brings into his house in Ireland, and consumes there: the

other also, through the merchants, who furnish him with bills, exchanges his income for Irish commodities, which, or the equivalents for which, he brings into, and consumes in his house in London or Paris. And, therefore, unless the mere locality of consumption be advantageous, it follows that the expenditure of that portion of the annual revenue of a nation, which is sent abroad to absentees, contributes as effectually to the general advantage as the expenditure of any other portion of revenue. It is never, in short, by sending abroad revenue, but by sending abroad the *capital* by whose agency revenue is produced, that nations are impoverished.

Though rents were remitted to the absentees in specie, it would not affect the previous reasoning. Ireland has no mines of gold or silver. If she send these metals to England or France, she must previously obtain them in return for an equivalent amount of Irish produce: and the gain on selling it to the merchants of California or Australia, will be quite as great as any that could have been realised by selling it to the landlords, had they remained at home. At bottom, the notions respecting absentee expenditure, differ but little from those so long prevalent with respect to the balance of trade. It is now above a century since Swift, not in jest, but in good sober earnest, informed his believing and admiring countrymen, that they had only about £500,000 of cash; and that, "out of this scanty stock," they had to remit a nett million a-year to England! Those who believe in the possibility of such a state of things, may conscientiously think, that the poverty, the everlasting agitation, and the assassinations which distract and disgrace Ireland, are owing to its beef being roasted, and its linen worn, in London and Paris, rather than in Dublin and Cork.[1]

[1] It is singular how the palpable contradiction and absurdity of statements like the above did not make them be scouted by all reasonable persons, and awaken suspicions in regard to the alleged disastrous influence of absenteeism. But, instead of this, they were appealed to for a lengthened series of years, as if their authority had been unquestionable. In 1729, Mr Thomas Prior, the friend and correspondent of Bishop Berkeley and

We have sometimes, indeed, heard it alleged, that it is a mistake to suppose that absenteeism increases the exports from Ireland; that they take place because its principal products are well fitted for the markets of England and other countries; and that, while the foreign demand for Irish products is not increased by the non-residence of the landlords, the home demand for them is very much diminished. This, however, is one of those unlucky statements which contradict and confute themselves. Let it be supposed—which is certainly not the case—that the exports from Ireland are not augmented in consequence of the remittances to absentees: It is, on this hypothesis, sufficiently clear, that the imports which would otherwise take place of English and foreign produce into Ireland must be diminished by the whole amount of the bills drawn in favour of the absentees; for it would follow, were this not the case, that the latter must either subsist on charity or on the air! If, then, the absentees were to

the Earl of Chesterfield, and a gentleman in other respects of great candour and good sense, published his treatise on "Irish Absentees." Among other matters, it contains a list of the absentees, with an estimate of the sums annually remitted to each, the aggregate being £627,799, which, he says, is entirely sent to them in treasure; and then he adds, "This is so great a burden upon us, that, I believe, there is not in history an instance of any one country paying so large a yearly tribute (!) to another."—(P. 20.) Mr Prior next goes on to show, that "the most sanguine do not reckon that we have £400,000 of cash now remaining (amongst us); and if so," he reasonably enough concludes, "'tis impossible to subsist much longer under such a drain."—(*Loc. cit.*) A sixth edition of this tract was published, with notes, in 1782, more than half a century after it had first appeared. And yet, notwithstanding the cash in circulation in Ireland had increased, in the interval, and in the teeth of this alleged drain of £628,000 a-year, from £400,000 to above £2,000,000, the statements put forward by Prior in the earliest editions are repeated, with a eulogy on their correctness, and on his sagacity and foresight! It would really seem, that in this, as in some other things, the universality and intensity of belief, have been directly as the folly and falsehood of the thing believed. Even so late as 1829, a right hon. gentleman was kind and considerate enough to commiserate the "discredit" we had "done to our logical powers," by endeavouring to show the degree of weight to be attached to the statements of Prior, Swift, and others.

return home, and the same amount of Irish produce were to be exported, all the English and foreign commodities, on which the absentees subsisted when abroad, would henceforth be imported into Ireland; and there could not, under such circumstances, be any increase of demand, how trifling soever, in consequence of their return, for Irish produce.

It is said, however, that these statements prove too much. That the same reasoning which shows that the remittance of rents to absentees is not injurious, will equally show that a tribute may be paid to foreigners without injury to those who pay it! But the slightest reflection will suffice to convince any one, that remittances to absentees are not identical with remittances on account of tribute, but totally and completely dissimilar. Suppose that a quantity of linen is exported from Ireland to Liverpool on account of an absentee: If the absentee return home, this exportation will of course cease; but what will Ireland gain by its cessation? His rent may no longer be employed to purchase linen; but if not, it will be employed to purchase other articles, which he will of course consume in his own family. The fact of his being in Ireland or out of it, neither adds to nor detracts from the means of living possessed by other individuals. So long as those who consume, and the value of the products which they consume, continue the same, a change in the *place* of consumption affects themselves only. The case of a tribute is in every respect different. If the remittances to Irish absentees were put a stop to, those to whom they are sent would return to Ireland, and would consume them there. But if the same remittances were sent as a tribute to a foreign country, there would not, in the event of its ceasing, be any one to return to Ireland; and there would, in consequence, be so much additional wealth left in the pockets of its inhabitants. Nothing, therefore, can be more absurd and contradictory than the statements so frequently put forth by Irish newspapers and demagogues, comparing the remittances to absentees to a tribute, and complaining of the injury which Ireland sustains in sending abroad so large a sum, for which she gets no return. It is quite obvious that she gets an ample return. The remit-

tances in question consist of the rents of land, or the profits or interest of stock belonging to absentees; and in making them, Ireland discharges a debt which is justly due, and which she would equally have to discharge were the absentees to return to their estates. Suppose that the rental of an Irish property amounts to £1,000 or £10,000 a-year, it is a matter of indifference to Ireland whether the owner consume annually £1,000 or £10,000 worth of Irish commodities and services in Ireland, or have an equivalent amount of them sent to a London or Paris merchant on his account. To talk of a *return* in either case is absurd; unless by return be meant the extinction of a debt due to the party, which is quite as easily and as effectually discharged in the one way as in the other.

But the opponents of absenteeism contend that this reasoning involves a fallacy; that the greater portion of the raw produce and manufactures which are sent to absentee landlords, would have been exchanged by them, had they remained in Ireland, for the products of the various Irish tradesmen, for which every opulent individual must always have a demand; but that, when they live in London or Paris, they employ them in paying the wages of English or French tradesmen, who consequently gain an advantage at the expense of those of Ireland. Plausible, however, as this statement may appear, it is altogether fallacious. Suppose that any given number of landlords, residing at present in Ireland, and laying out their incomes partly on English manufactured goods and colonial products, and partly on products of Irish art and industry, emigrate to England or France; and suppose farther, that the identical Irish commodities which they are in the habit of using in Ireland are sent after them to their new residence: In *this* case, it is obvious, in the event of the absentees taking their servants along with them, that the wealth of Ireland would be in no degree affected by the change in their place of residence. And what, in point of fact, is the value of the difference between this hypothetical case and the actual case of the absentees from Ireland or any other country? When the Duke of Leinster leaves Carton to establish himself in Carlton Terrace, it is probable that the same articles may

not be used by him in London that he would have used had he continued in Ireland. But if not, the difference is immaterial; for such of them as are English or foreign must be obtained, directly or indirectly, in exchange for an equivalent amount of Irish produce of some sort or other. How idle, then, to accuse absenteeism of weakening the stimulus to industry, and lessening the demand for labour!

Absenteeism may, and indeed most frequently does, occasion a partial change in the species of labour in demand. But this is all it can do; and for anything that we can, *à priori*, know to the contrary, such change may be advantageous. Raw produce and linen are the articles in which it is at present most for the advantage of Ireland to remit rents to absentees. And, supposing them to return to Ireland, a less amount of their rents would be laid out on these, and a larger on other things. But this would not occasion an increase of the total demand for labour; for if, under such circumstances, more people were employed in one way, fewer would be employed in another. If a non-resident landlord lay out his rent in the purchase of corn, which requires the labour of 100 men for its production; and if, on returning home, he lay it out in the purchase of manufactures, also produced by 100 men, the aggregate demand for Irish labour is nowise affected by the change.

Not only, however, would the demand for labour not be increased, but there are ten chances to one that it would be diminished by a change like that now supposed. A greater number of labourers are almost uniformly required to produce £500 worth of corn, than to produce £500 worth of manufactured goods. Our readers are aware that Smith's theory of the superior advantageousness of agricultural industry, is founded on this circumstance, or on its being supposed that, when two equal capitals are employed, one in agriculture and the other in manufactures, the former affords employment to many more individuals than the latter. And those who dissent from this theory do not deny the assumption on which it is founded; but contend that it is not by the number of people which different businesses employ, but by the nett profit

which they respectively yield, that their comparative advantageousness is determined. The recommendation of a system that would certainly occasion a considerable diminution in the demand for labour, is, however, a pretty good example of the *Irish* mode of providing employment for a people.

But, though they will not bear examination, the prevalent notions respecting absentee expenditure appear, on a superficial view, natural and well founded. When a wealthy landlord resides on his estate, there is generally, in some contiguous village, a number of little tradesmen and manufacturers who work on his account, and who, it is alleged, will be thrown out of employment, and left wholly destitute, in the event of his removing to another country. This statement is founded on an entire misapprehension of the nature of profits. Those who clamour against absenteeism, take for granted that retail dealers, tradesmen, and manufacturers, live at the expense of those who employ them, or who buy their products. Certainly, however, they do no such thing. They are not so very dependent as they are believed to be by others and by themselves. They are not maintained by the demand of the public, but by their own wits and industry. Of these they cannot be deprived; and as they have supported them hitherto, they will support them in all time to come. The bootmaker, who sells boots at 50s., which cost him only 40s. of outlay, does not make the 10s. of profit at the expense of his customers. He produces, in a given time, a pair of boots equivalent to, or worth in silver 50s., while the various expenses to which he is necessarily put in their manufacture, amount, when rated in the same medium, to 40s. And his customers all do the same; they all make similar profits in their respective businesses; that is, they produce quantities equal to 50, by an outlay of 40. Consequently, in exchanging corn, cloth, or silver for boots, one party gains nothing at the expense of another. Profit is, in every case, the result of more being produced in given periods than is consumed in them. The advantage of exchanging one commodity for another, consists in its enabling labour to be subdivided, and commo-

dities to be produced, in the best and most expeditious manner.

The various manufacturers and tradesmen employed by a resident landlord, give him a full and fair equivalent for what they receive. It is not their interest, but his own, which he has in view in dealing with them. It is obvious, indeed, that all that the total cessation of the demand for a particular class of commodities can do, is to force those who produced them to employ themselves in some other way. And this is seldom a very serious injury, and is sometimes an advantage. Shoemakers, for example, do not live upon shoes. They produce them only that they may exchange them for other articles. And if, in consequence of their being brought more cheaply from abroad, the demand for shoes made at home were partly or altogether to cease, the makers would directly set about the production of those other articles, or of something else which they might offer for them.

This principle is quite decisive of the nature and value of the opinion of those who contend that, when a set of opulent landlords leave one country for another, the tradesmen and manufacturers whom they patronised lose all the profit which they made in their dealings with them. But it has been shown that the profits made by these and other tradesmen consist, in every case, of the excess or its value, of the commodities which they produce in a given time over those which they necessarily consume in the same time. Whether they directly use these commodities, or exchange them for others, has no more to do with profits than with poetry or painting. If an agriculturist obtain, at the end of a year, a return of 1,100 or 1,200 quarters of corn, and if the various outlays necessary in its production amount, when reduced to the same standard, to 1,000 quarters, his profits will be 10 or 20 per cent.: and this whether he sells his corn or eats it—whether he casts it into the ground as seed, or leaves it to rot on the surface. If the popular opinions with respect to the source of profits were really true, it would inevitably follow, inasmuch as they take for granted that all producers make their profits at the expense of some one

else, that no additions could be made to capital, and that the capital now in the world must be very soon annihilated! If such were really the condition of mankind, they would not, in an economical point of view, fare one whit better than a set of tigers in a cage. They would prey upon each other, till only one survived, and he would die of hunger! It is a radical mistake to suppose that the idea, that profits depend on exchanges, is only partially erroneous: it is without even so much as the shadow of a foundation.

This principle shows, also, the error of those who contend that, though absentee expenditure may not be injurious when the rents of absentees are paid in money, and that money is laid out in the purchase of Irish produce, it would be injurious were rents paid *in kind*, and were the actual produce of which they consist remitted directly to the absentees. But at bottom there is no difference between these cases; and we have supposed that rents are paid in money, only because such is the case throughout Ireland. Let it, however, be supposed that the rent, paid in kind, of a resident landlord consists of a thousand quarters of wheat, or a thousand head of cattle. He will, it is plain, exchange a part at least of these articles for such other Irish, British, and foreign products as he has occasion for. Suppose, now, that this landlord transfers himself and his family to London, and that the sacks of wheat or head of cattle which would have been delivered to him at his seat in Ireland are sent to him in this city: In this case he will, of course, exchange them, or some portion of them, for an equivalent amount of English and other produce. But in what respect is this change injurious to Ireland? Whatever may be the place of their residence, the landlord and his family consume the whole value of their corn and cattle; and it is most probable that their consumption of Irish articles will be very little greater when they are resident than when they are non-resident. But whether this be so or not, is not of the slightest moment. The people of Ireland have, in either case, exactly the same amount of produce to subsist upon; the only difference that can obtain being that, when the landlord is at home, they may have more wheat and cattle, and fewer goods

of other descriptions, and conversely when he is absent. But if, through a change of demand occasioned by absenteeism, the supply, whether of raw or manufactured produce, should become deficient or redundant, capital would be drawn to the deficient, and withdrawn from the redundant branch, till the equilibrium of supply and demand was restored.

In the event, then, of a landlord becoming an absentee, it may happen that few or none of the articles produced by the tradesmen and manufacturers with whom he dealt can be advantageously exported to the country to which he has gone; and the demand for these will, of course, proportionally decline. But wherever this happens, what is lost on the one hand is gained on the other; for the demand for some other variety of articles is equally increased. It must also be kept in view, that while the effective demand of the country continues undiminished, so does the capital by means of which the articles required to satisfy that demand are produced. Throughout this discussion we take for granted that absentees take no part either of their own stock, or of the stock of their tradesmen, along with them. These remain where they were, and are employed to support and employ labourers when the landlords are abroad, as well as when they are at home. It may happen that some of the hands employed by resident landlords may be forced, on their becoming absentees, to engage in new employments, and even to migrate to another part of the country. But, in a general point of view, these changes are unimportant; and they might equally arise from opening new branches of commerce, or from the employment of new or improved machinery.

For the reasons now stated, a village built in the immediate vicinity of a gentleman's seat, generally declines on his becoming an absentee. That, however, is in most cases anything but an injury. The inhabitants of such villages are very generally poor, needy dependants, destitute of invention, and without any wish to distinguish themselves. But when the proprietors are absentees, they are forced to trust to their own resources, and either establish some sort of manufacture, or

resort to those manufacturing and commercial cities where there is always a ready demand for labour, and where every latent spark of genius is sure to be elicited. Although, therefore, it be certainly true that absenteeism has a tendency to reduce the villages which are usually found in the neighbourhood of the residences of extensive proprietors, it is not on that account prejudicial to the country at large, but the reverse. "Stock and labour," says Smith, "naturally seek the most advantageous employment. They naturally, therefore, resort as much as they can to the town, and desert the country."

It should, however, be observed that these statements are only strictly true when absentees take their servants along with them. When these are left behind they require to be modified. The modification necessary in such cases is, however, extremely unimportant. It applies only to that portion of the earnings of household servants which they receive in the shape of board. If a resident gentleman expend £400 or £500 a-year on the money wages of household servants, he has so much less to expend on produce. In the event, however, of his going abroad and leaving his servants behind him, this £400 or £500 will be expended on produce of one kind or other, and will afford employment in its production to the whole or the greater number of the discarded servants. All, consequently, that they lose, or rather all that is lost by the class to which they belong, is their board and lodging in the houses of the absentees. And it is to be observed that this effect is only, if at all, sensible at the commencement of a system of absenteeism, and hardly even then, if the country be advancing. But trifling as it is, this is the whole extent of the injury, in an economical point of view, which it ever directly inflicts on the population. And it is so very insignificant, and so evanescent, that, in a practical point of view, it is hardly worth adverting to.

But the declaimers against absenteeism have yet another reason for the faith that is in them. They cry out, do you mean to say that Paris, Rome, and Brussels are not benefited by the expenditure of English absentees? But if you admit that

they are benefited, must you not also admit, that London and Bath derive a proportional benefit from the expenditure of Irish absentees? And if so, does it not follow that Ireland loses whatever they gain? While, however, we admit the premises, we deny the inference which it is attempted to draw from them. We concede that London and Bath are benefited, though in a small degree, by the residence of Irish absentees; but we deny that Ireland loses what they gain, or that she, in fact, loses anything by their non-residence. If the products sent from Ireland to England on account of absentees, were those which they make use of, they would have no occasion to enter an English shop, or to give an order to an English tradesman; and it is rather difficult to see how, under such circumstances, their residence here could be of advantage to any one. But in this, as in other cases, absenteeism has the same influence as an increase of commercial freedom, or a better distribution of the labour of the world. The products sent hither from Ireland on absentee account are not for the exclusive use of the absentees, and they, also, cost less than if they were raised in this portion of the United Kingdom. And the advantage, whatever it may be, which we derive from the residence of the absentees amongst us, depends wholly on this circumstance, or on the fact of the commodities imported to defray their expenditure being produced more cheaply in Ireland than in England. Were this not the case, we should gain nothing by their residence; for if, on the one hand, they increase the demand for certain descriptions of British produce, they must, by bringing an equivalent amount of Irish produce into our markets, proportionally lessen the demand for some other descriptions of our produce. It is farther plain that, whatever England may gain in consequence of the better division of labour caused by the influx of absentees, Ireland, instead of losing anything, is on her part an equal gainer. The entire income of the absentees continues to be expended in the purchase of Irish commodities. There is, consequently, the same demand for them, as if the absentees resided at home. It is only, as already stated, the products in demand that are varied. And those which are re-

quired to defray absentee expenditure, are those best suited to the productive capacities of Ireland.

Suppose, still better to illustrate this statement, that an Irish gentleman resident in Dublin, pays bills of £400 or £500 a-year to his coach and harness-makers, shoemakers, etc. If this gentleman come to London, he will have a like amount to pay to the same descriptions of tradesmen in this city. But, then, it is to be kept in view, that the £400 or £500 that were in the former instance paid to the Dublin tradesmen, must now be paid to the linen-manufacturers of Belfast, or to the producers of those Irish articles suitable to the English market, sent here on account of the absentee. And they have rather antiquated notions of national advantage, who contend that it is as much for the interest of Ireland to employ her capital and labour in the production of articles in which England has an advantage over her, as it is to employ them in the production of those in which she has an advantage over England A century ago, an argument, if we may so call it, of this sort, might have worn an imposing aspect. But we should have thought, had not their late yelping (for it deserves no better name) proved the contrary, that even the professional agitators would have been inclined to use it at present with some misgivings.

It may, perhaps, be said that, even were it otherwise innocuous, non-residence has the disadvantage, inasmuch as absentees escape taxation at home, of increasing the weight of the burdens which fall on the resident population. It is easy, however, to see that the influence of absenteeism over taxation, depends in great measure on the description of taxes levied in the country of the absentees. If its revenue were principally raised by taxes on property or income, or on exports, absentees would not escape them, and their non-residence would not, in this respect, have the influence ascribed to it. In Ireland, indeed, the revenue is almost wholly raised by taxes on expenditure. But then it is to be borne in mind, that nine out of every ten of the Irish absentees reside in England; and being, in consequence, subject to the assessed and other taxes, from which Ireland is unjustly exempted,

they contribute more to the revenue of the United Kingdom than they would do were they resident.

Hence, as regards taxation, absenteeism from Ireland is advantageous rather than otherwise. And in regard to the absentees from England, the far greater number reside abroad from prudential motives; from a desire to retrench, or, by living less expensively than they could do at home, to repair shattered fortunes, and to make some provision for their families or younger children. The savings of such parties are sure, in the end, to centre in England, and will much more than compensate for the trifling, and all but imperceptible, inconvenience which may be sustained in the meantime from their not contributing to the taxes on expenditure.

If it were attempted, as has been proposed, to obviate the inconvenience now alluded to, by laying a peculiar tax on the incomes of absentees, it would stimulate such of them as had it in their power to carry their property abroad with them. And in such case, absenteeism would be rendered a serious evil. The question would no longer regard the spending of income abroad, but it would regard the transfer to the foreigner of the capital by which income is produced; and such transfer cannot be made, without proportionally diminishing the power to support and employ labour in the country losing the capital, and increasing it in the country which acquires it. Voluntary absenteeism, under an equal system of taxation, is never injurious. But if an effort were made to obviate an imaginary evil by imposing special taxes on the incomes or properties of absentees, a real grievance would be created, mischievous alike to the public and the absentees.

In every point of view, therefore, in which this subject can be considered, it appears obvious, that in so far as the question of expenditure is concerned, absenteeism is not injurious to a country. On the contrary, it is in the majority of cases advantageous. Its tendency is to turn industry into those channels into which it is most for the public advantage that it should be turned, and eventually to increase the national capital.

With respect to the *second* branch of this inquiry, or that

which regards the disadvantages which are said to be occasioned by the want of that valuable example and protection which a resident landlord is supposed to afford to his tenants and dependents, it is not so easy to arrive at any positive conclusion. An extensive landed proprietor has undoubtedly the means, provided he have the inclination, of doing a vast deal of good. "A man of family and estate ought," says Johnson, "to consider himself as having the charge of a district, over which he is to diffuse civility and happiness, and to give an example of good order, virtue, and piety." We, however, have not to deal with landlords as they ought to be, but with them as they really are. The question respecting the alleged superiority of resident over absentee landlords in promoting civilisation and improvement, must be decided by an inquiry into the conduct of each class, and not by inferences drawn from what that conduct ought to be. Are the estates of the absentees worse managed than those of resident landlords? Are their tenants poorer, and more exposed to oppression? Are they more turbulent, and more disposed to engage in illegal associations and enterprises? If they are, then non-residence is in so far injurious; but if not, not.

We may observe, in entering on this inquiry, that there are several circumstances peculiar to Ireland, which render the moral effects of absenteeism very different there from what they would be anywhere else. The estates of the landlords of England and Scotland have either descended to them through a long line of ancestors, or have been fairly purchased from the rightful owners. The persons living on these estates, and their proprietors, have almost uniformly professed the same religious faith; generally speaking, their interests have been identified; and the landlords have been induced, as well from a regard to their neighbours and dependents, as from a wish to promote their own views, to behave kindly to their tenants and labourers, and to conciliate their confidence and esteem. But the relation subsisting between landlord and tenant in Ireland, has, as every one knows, been entirely dissimilar. Almost all the landed property of Ireland

has been repeatedly confiscated. Its area is reckoned at about twelve millions of Irish acres; and the Lord Chancellor Clare stated, that eleven millions and a half of that number underwent confiscation during the seventeenth century! It is, therefore, no exaggeration to affirm, that nine-tenths of the proprietors of Ireland are either the lineal descendants of those to whom this confiscated property was sold or granted by the Crown, or of persons who have purchased their estates from them. And besides this original stain or defect in their title, those who obtained grants of confiscated estates were almost all Englishmen and Protestants.

Under such circumstances, it was not to be expected that any kindly feelings should speedily grow up between proprietors holding their estates by such titles, and the people of the country. The landlords trusted to the power of England to maintain them in the possession of their property, and looked upon the people, either as avowed and dangerous enemies, whom they had grievously wronged, or as semi-savages, whom it was almost hopeless to attempt to civilise. And, on the other hand, the people considered the landlords as robbers, who had possessed themselves by force and injustice of the property of others, as enemies of their religion, and as being at once the instruments and the badges of the dominion of England over Ireland. Nothing but discord and bloodshed, could have followed from the residence of such landlords. And because the residence of the English and Scotch proprietors on their estates has proved highly advantageous by introducing a taste for elegancies and luxuries, and diffusing a spirit of refinement throughout the country, can anything be more inconsequential than to argue that the like effects would have followed from the residence of the Irish gentry? The prejudices to which we have alluded, are now, indeed, very much obliterated. But before the residence of the landlords in Ireland can be of much advantage, they must learn to sympathise with the people; to take a deep interest in the wellbeing of their tenants and cottiers, and in the cultivation and improvement of their estates; and to repudiate an increase of rent, or of political influence, if it

must be purchased at the expense either of the one or the other.

With respect to the estates of absentee proprietors, it will be found, though there are numerous instances of mismanagement, that, on the whole, they are better managed, and are occupied by a richer and better class of tenants, than those belonging to residents. And this is really what an unprejudiced inquirer would have been led, *à priori*, to anticipate. Had the absentee landlords remained in Ireland, habit might have rendered them insensible to the abuses with which they would have been surrounded; and might have tempted them to tolerate the debasing practices, and engage in the worthless pursuits, by which so many of the resident gentry have ruined their dependents and themselves. But having been generally resident in England, where many of them have estates, they have witnessed the various advantages resulting from the fair and liberal treatment of tenants, and have had an opportunity of becoming familiar with improved systems of husbandry, and with the best modes of letting and occupying land. And however little they may have cared for their Irish dependents, a regard for their own interests would naturally make them attempt to introduce into their estates in Ireland a system similar to that which has been productive of so much advantage in England. This presumption is so reasonable, and follows so directly from the premises, that it is not to be defeated but by conclusive evidence to the contrary. And none such is to be met with. Seldom, indeed, can any one truly say,—

"Video meliora proboque, deteriora sequor."

It would be a libel on human nature to suppose that landlords or others, when aware of the wide difference between them, should not generally prefer a good to a bad system of rural economy, or that they should not exert themselves to extend the sphere of the former and to circumscribe that of the latter. And though there are exceptional cases, experience shows that this conclusion is, on the whole, perfectly well

founded. The estates of Earl Fitzwilliam, the Marquis of Hertford, and the Duke of Devonshire, for example, are in a high state of cultivation, and occupied by affluent and independent tenants. And admitting that it would be improper to found any general conclusion on such cases, it would be easy to produce many similar examples. Mr Tighe, the intelligent author of the "Survey of Kilkenny," states distinctly that "in many instances absentees are the best landlords."[1] And Mr Wakefield, who is unfavourable to non-residence, but who is too candid to conceal or colour any fact that makes against his own views, corroborates Mr Tighe's statement. When noticing the county of Roscommon, Wakefield says, that the large property belonging to the then resident proprietor, Lord ——, was the worst managed he ever saw. "I found every where cabins of the most wretched aspect, infamous stone roads, very minute divisions of land, and a superabundant and miserable population. I do not recollect to have travelled through any estate in Ireland which presented such a scene of desolation; and nothing astonished me so much as the multitude of poverty-struck inhabitants, from whom I could learn little more than that the estate belonged to 'My Lord,' whom they loaded with imprecations."[2]

We beg it may not be supposed that we mean either to say or insinuate, that resident Irish landlords are all of this description. Like other classes, they are of a mixed character, and can show some excellent specimens. But it is not to be denied that, speaking generally, they have done little to promote the proper cultivation of their estates and the comfortable condition of their occupiers, both of which are a disgrace to civilisation. And though all non-resident landlords be not Fitzwilliams, Seymours, or Cavendishes, there are certainly but slender grounds on which to give the preference to those that are resident.

It should be recollected, in fairly estimating the conduct of absentees, that a large portion of the property in Ireland belonging to them, is let on perpetual leases. The tenants

[1] Page 586. [2] Vol. i. p. 274.

are thus in fact the real proprietors. The superior has no power to interfere in the management of the estate; when his quit-rent is paid, he has no farther claim on the property. A large proportion of the extensive tract of country belonging to the Petty family is thus let on perpetual leases, at a rent which does not exceed a third or a fourth part of its real value. Lord Doneraile has an estate in Cork for which he gets £2,000 a-year; but Wakefield says that it is worth £18,000 a-year to the perpetual tenants. Lord Kenmare, one of the absentees, has an estate in Kerry which brings him £8,000 a-year; but it is let on interminable leases, and his Lordship's tenants, who are the real proprietors, get a profit rent of three or four times that amount. Lord Powis, another absentee, has an estate in the same county, from which he gets £1,900 a-year; but it is leased for ever; and the real proprietors relet the estate for a large profit. The estate of the Chandos family, lately in the possession of the Duke of Buckingham, and many more, are in the same predicament. And when such is the case, is it at all surprising that the nominal owners should decline living on estates over which they have no control, and which really belong to others? When an Act was passed in the reign of Henry VIII., every way worthy of the period, compelling absentees to reside on their properties in Ireland, under penalty of forfeiture, the Duke of Norfolk and the Earls of Shrewsbury, Berkeley, and others, made a voluntary surrender of large tracts of land to the Crown, rather than comply with the provisions of so oppressive a statute. Should a similar Act be now passed, it would most probably have a similar effect.

It may, however, be supposed, that when the real proprietors of estates are resident, they will be ready to remedy grievances of which an absentee must necessarily be ignorant; and that they will at all events protect their tenants from being plundered by their agents or others. But this, we are sorry to say, does not seem to be the case. On the contrary, there is good reason to conclude, that the tenants of absentee landlords are subjected to less fleecing and extortion than those of residents. An English nobleman or gentleman would

spurn the idea of having the occupants or the rents of his estates determined by the magnitude of the presents, or (to call them by their right name) bribes, offered to his lady, his daughters, his mistress, or his agents. But this disgraceful practice is, or was very recently, excessively prevalent among Irish resident landlords. As a sample of the protection afforded by them to their tenants, Wakefield tells us, that when a late noble proprietor of one of the best estates in Ireland appointed an agent, he borrowed of him £20,000. The agent, who was a man of principle, and who wished it to be clearly understood how he was to be repaid, and whether he was to follow the usual custom, and extort presents and perquisites of all sorts from the tenants, asked his employer in what manner he wished him to act. "*Get all you can!*" was the short and shameless reply.[1]

It has been often contended, that the system so much practised in Ireland, and so much declaimed against, of letting large tracts of land to a principal tenant, or middleman, authorised to relet them in smaller portions to the actual cultivators, had its origin in absenteeism. But this opinion does not seem to have any good foundation. The English noblemen and gentlemen who acquired large masses of confiscated property in Ireland, found their estates in the possession of a crowd of poor, uncivilised, and disorderly occupiers, whom it was impossible to eject, and of whose customs and modes of occupancy they were wholly ignorant. Such persons had no resource but to let their estates to adventurers, who were ready to meet such a state of things, and to make the most of it.[2] The system, once introduced, has been continued. But it is wearing out, and is not more practised at this day on the estates of absentees than on those of resident landlords. Neither do we think that the middleman system is justly chargeable with many of the mischiefs which have been ascribed to it. There can be no question, indeed, that the underletting and subdivision of farms has been a curse to Ireland. But this

[1] Vol. i. p. 299.

[2] Minutes of Evidence taken before the Select Committee of the House of Lords, on the state of Ireland, 14th April 1825, p. 59.

practice was mainly a consequence of the former Irish law of landlord and tenant, and would not have been materially amended by the annihilation of middlemen. If a British landlord were to let an estate to a middleman, without putting any stipulations in the lease respecting the mode in which it was to be managed, he would have himself alone to blame if the middleman adopted an erroneous system. But the law of Ireland was recently (1825) in so deplorable a state, that a landlord who had let an estate ceased to have any control over it. And the most important stipulations in leases were openly trampled under foot and disregarded by the tenants, without the landlord having power to eject them, or to protect his property from ruin.

On Mr Blake, an eminent Irish lawyer, being asked by the Committee of the House of Commons, in 1825, whether, under the law of Ireland, a landlord would experience much difficulty in devising covenants, upon the efficiency of which he could rely, for the prevention of sub-letting, he answered, "I think he would find difficulties amounting almost to an impossibility."[1] When speaking of the consequences of this system, and of its disastrous influence over the landed property of Ireland, a very intelligent witness, Mr Staunton Rochfort, a magistrate of Queen's County and Carlow, stated to the Committee of the House of Lords:—"I have three farms which have lately fallen out of lease in the County Galway, of about 400 acres each; they were each let to one tenant originally, and when they fell into my hands, I found from three hundred to four hundred inhabitants on each of them. What to do with them I really do not know; they are absorbing all the produce of the land, and paying me nothing: and without resorting to measures which common humanity prevents—turning them all off—I know not what to do!"[2] Had the law of Ireland been similar to that which fortunately obtains in Scotland, this miserable result would not have taken place, except by the concurrence of the landlord; for, accord-

[1] First Report, 1825. Minutes of Evidence, p. 39.
[2] Minutes of Evidence before Irish Committee, p. 302.

ing to the Scotch law, the moment a subtenant is admitted into a farm, or an attempt is made to subdivide it, whether among the children of the occupier or otherwise, the landlord is entitled to have the lease cancelled, and the tenants ejected. And in the vast majority of cases, the apprehension of such a result is quite sufficient to prevent any attempt being made to defeat the stipulations in leases.

But this is not all. While the law of Ireland was thus, on the one hand, ineffectual to protect the finest estate from being parcelled into potato gardens, at the discretion of the tenants; it armed, on the other, the landlord with power to commit flagrant injustice and oppression: For, in the event of a middleman who had received payment of the rents due to him by his subtenants, becoming bankrupt while in arrear to the landlord, the latter was authorised to distrain the goods of the cultivators, and to force them to pay their rents over again to him! And instances every now and then occurred, in which the whole stock and property of the cultivators of extensive farms were driven to the pound, and sold to pay a debt which they had already discharged! We doubt whether the law of Algiers sanctioned any greater abuse. And until it had been put down, it was idle to expect that there should be security or prosperity in Ireland.[1]

From what has been stated, our readers will not, perhaps, be disposed to wonder when they are told that, generally speaking, the inhabitants of those districts in which there are most resident gentry, are often the most disposed to disturb the public peace, by engaging in illegal associations and enterprises. On Mr Maxwell Blacker, a King's Counsel appointed to superintend the execution of the Insurrection Act in the counties of Cork and Tipperary, being asked by the

[1] We are glad to have to state, that the law with regard to the occupancy of land in Ireland is now, and has been for a lengthened period, in a much more satisfactory state than in 1825. Subletting, unless by consent of the landlord, is now illegal, and may be summarily punished; and no subtenant, provided he have not been surreptitiously introduced, can be called upon to pay rent to the landlord, which he has already paid to the party from whom he holds.

Committee of the House of Commons, in 1825, whether there were more resident gentry in the former than in the latter, he replied, "That is no clue at all to trace the disturbances; for the disturbances in Cork prevailed most in that part that is most thickly inhabited by gentlemen. I judge of that by the number of magistrates I had officiating at Mallow; the disturbances extended from thence to Limerick, and raged about Doneraile and Mallow, and yet that part is, I conceive, as thickly inhabited with gentry as any other part."[1] And on being asked, whether that part of Cork which was least inhabited by gentry was not the quietest, Mr Blacker answered, that the western part, where there are almost no gentry, was nearly quite tranquil.[2] Major Warburton, a gentleman of talent and respectability, who filled for some years the office of chief magistrate of the county of Clare, was examined at great length by the Committee, and gave the following information with respect to the influence of the residence of the landlords over the tranquillity of the country.

"In those baronies in the county of Clare, where there are a great many absentee proprietors, have they not been the most tranquil during your residence in the county?—Upon my word I think they have, as far as I know the position of the absentee property.

"In those baronies where there are few or no resident gentry, has not the tranquillity which prevailed been greater than in the baronies in which there have been a greater number of resident gentlemen?—It has.

"Are there any resident gentry in the barony of Ibrickin?—Very few indeed.

"Has not that barony been completely undisturbed?—That barony has been quiet since I went to the county, except immediately in 1816.

"Was not the part of the barony that was then disturbed, the very part where the few resident gentry resided?—It was.

[1] Minutes of Evidence before Select Committee on the State of Ireland, printed 11th February 1825, p. 67

[2] Ibid.

"And the other parts of the barony remained undisturbed? —Yes."[1]

Innumerable statements to the same effect might be produced from this and other evidence. But we apprehend that the reader will be disposed to consider those now given, coming, as they do, from gentlemen who had the best means of obtaining accurate information, as sufficiently conclusive.

We are, therefore, entitled to affirm that absenteeism, or the non-residence of the proprietors in Ireland, has not had the effects ascribed to it; that it has not lessened the demand for labour; and has had but little, if any, influence in retarding the moral improvement of the people. The poverty and disorders of the Irish are ascribable to very different causes; to the recklessness and improvidence inherent in their character; the prevalence of the Roman Catholic religion, and the ascendancy of a hostile priesthood; the indolence and insecurity induced by a dependence on so cheap and so precarious a resource as the potato; the want (only recently supplied) of a compulsory provision for the support of the poor; the excessive subdivision of the land; and a long course of misgovernment. Absenteeism is but little, if at all, more prevalent in Ireland than in Scotland; and yet none ever supposed that it was injurious to the latter. Indeed, it is a well-known fact that, *cæteris paribus*, absentee estates are preferred by Scotch tenants. The clamour against absentee expenditure is, in truth, as worthless as can well be imagined. It has no better foundation than the belief in witchcraft, or in *clairvoyance*, or in the efficacy of sham sinking funds.

[1] Minutes of Evidence before Select Committee on the State of Ireland, p. 151.

SKETCH

OF THE

HISTORY OF COMMERCE,

TO THE

SIXTEENTH CENTURY.

"Neque enim historiam proposui mercaturæ mihi scribendam, sed tantummodo illius umbram legenti exhibere."—MURATORI, *Antiq. Ital. Med. Ævi.*

SECT. I.—PHŒNICIAN COMMERCE.

COMMERCE being a result of that division of labour, or of that appropriation of particular individuals to particular pursuits, which is cöeval with the establishment of society, would, at first, be extremely limited, and be confined to the exchange or barter of articles produced by individuals belonging to the same tribe or neighbourhood. But as civilisation extended, and an intercourse began to grow up between different districts and countries, commerce would be proportionally increased. It no doubt was very soon found that certain products were wholly confined to certain localities, while others were more abundant, or of better quality, in some than in others. And this observation would naturally be followed by a commercial intercourse, the extent of which would depend on the character of the parties carrying it on, the diversity of their products, their proximity, and the ease with which articles might be conveyed from the one to the other. The intervention, between different countries, of an arm of the sea, or a navigable river, by affording them an easy means of communication, would serve, in no ordinary degree, to promote their

mutual traffic. On this principle Dr Smith conjectured that the wealth and cultivation of ancient Egypt and India, were principally to be ascribed to the facility of intercourse between their different towns and provinces, afforded by the Nile and Ganges, and the canals and subsidiary streams connected with these great rivers. And the vast magnitude of Nineveh and Babylon, and the wealth and early refinement of the great empires of which they were respectively the capitals, were no doubt mainly owing to their being intersected by the Tigris and Euphrates, and to the extraordinary facilities which were thereby given to their internal and external trade.

It is worthy of remark, that, with the exception of India and the empires now mentioned, the nations which made the first advances in commerce and the arts, dwelt round the shores of the Mediterranean and Red Sea. And this may, perhaps, be explained from the circumstance, that those great inland seas having no tides, nor, consequently, any waves, except such as are caused by the wind only, were eminently fitted, by the smoothness of their surface, the number of their islands, and the proximity of their shores, to facilitate and promote the infant commerce of the world, when, from their ignorance of the compass, men were afraid to quit the view of the coast, and from the imperfection of the art of ship-building, to adventure themselves upon the boisterous waves of the ocean.[1]

The wonderful improvement that has been made in navigation is known to every one; and the seas and harbours of the remotest and least advanced nations are now frequented by the ships and steamers of those which have made the greatest progress in science and art. But in land-commerce the advance has not, speaking generally, been by any means so great; and, except in Europe and North America, most part of the land-trade of the world is conducted, at this day, nearly in the same manner, and by the same routes, that it was conducted 3,000 years ago. The vast deserts by which Asia and Africa are intersected have given a peculiar, and, as it would

[1] Wealth of Nations, p. 9.

seem, an indelible character to their internal intercourse. Being very ill supplied with water, their transit could hardly have been undertaken without the aid of the camel, or *ship of the desert!* This animal, which is native to those regions, is not only patient of fatigue and easily subsisted, but it has the farther and invaluable quality of being able to exist for three, four, or even more days without water. It is, therefore, used in crossing those "seas of sand," in preference to the horse, the ass, or any other animal. The scarcity of water is not, however, the only difficulty with which the traveller has to contend in making his way across the great Asiatic and African deserts. From the remotest antiquity they have been infested with wandering tribes of predatory Arabs, who assault, tax, or plunder all who attempt to pass through the arid and inhospitable wastes over which they have established their lawless sway. And hence the origin of caravans, or of associations or companies of merchants or travellers. These usually comprise hundreds, and frequently thousands of individuals, with camels, horses, etc., for conveying the travellers and their goods. Being well armed, they are able to defend themselves against the attacks of the Arabs. Generally, indeed, they have treaties with the latter, by which they secure either their forbearance or their services, on payment of a certain tribute or toll. The routes followed by the caravans are determined by various circumstances. The most direct would seldom, however, be either the speediest or the safest and best. When oases are found in or adjacent to the line of route, they are uniformly selected for resting-places; and in their absence halts are, when practicable, made at wells. The cities of Palmyra, Baalbec, and Petra, the ruins of which continue to excite the astonishment of the traveller, and evince alike the taste and the wealth of those by whom they were constructed, owed their existence to their being situated in spots well supplied with water, in the line of the great commercial routes of antiquity, and to the trade of which they consequently became the centres. When, however, any circumstance occurs to divert a caravan from its accustomed pathway, or when the wells are dried up, or do

not furnish the anticipated supply of water, the consequences are sometimes fatal. Under such circumstances, entire caravans have been destroyed.[1] But this fearful contingency seldom occurs in the more frequented routes, or in what may be called the ordinary commercial channels.

One of the earliest commercial transactions of which we have any account, the sale of Joseph by his brethren for twenty pieces of silver, was made to merchants forming part of a caravan conveying spices to Egypt. And the incident is interesting not merely from its showing the mode in which commerce was thus early carried on, but also from its showing that a traffic was then established in slaves, and that silver was employed as a measure of value and universal equivalent.

It is not uninteresting to observe, that the earliest branch of commerce which we find noticed in history, has continued down to this day to be esteemed the most important and valuable. We refer to the trade between the countries bordering on the Mediterranean and Europe generally, on the one side, and Arabia, India, and the regions more to the east, on the other. At the first dawn of authentic history, this trade had its centre in Phœnicia, a country of very limited extent, occupying that part of the Syrian coast which stretches from Aradus (the modern Ruad) on the north, to a little below Tyre on the south, a distance of about 150 miles. Its breadth was much less considerable, being for the most part bounded by Mount Libanus to the east, and Mount Carmel on the south. The surface of this narrow tract is generally rugged and mountainous; and the soil in the valleys, though moderately fertile, did not afford adequate supplies of food for the population. Libanus and its dependent ridges were, however, covered with timber suitable

[1] Jackson, in his account of Morocco, mentions that, in 1805, a caravan proceeding from Timbuctoo to Tafilet, being disappointed in not finding water at one of the usual watering places, the whole persons belonging to it, about 2,000 in number, with about 1,800 camels, perished miserably of thirst.—P. 339.

for ship-building; and besides Tyre and Sidon, Phœnicia possessed the ports of Tripoli, Byblos, Berytus, etc. In this situation, occupying a country unable to supply them with sufficient quantities of corn, hemmed in, on the one hand, by mountains and by powerful and warlike neighbours, and having, on the other, the wide expanse of the Mediterranean, studded with islands, and surrounded by fertile countries, to invite their enterprise, the Phœnicians were naturally led to engage in maritime and commercial adventures; and became the boldest and most experienced mariners, and the greatest discoverers and merchants, of ancient times.

Tyre, the principal city of Phœnicia, and the most celebrated emporium of the ancient world, was situated nearly on the spot where the inconsiderable town of Tsour now stands, in lat. 33° 17′ N., long. 35° 14½′ E. It was founded by a colony from Sidon, the most ancient of the Phœnician cities. The date of this event is not certainly known, but Larcher supposes it to have been about 1,690 years B.C.[1] It is singular, that while Homer mentions Sidon, he takes no notice of Tyre, whose glory speedily eclipsed that of the mother city. But this is no conclusive proof that the latter was not then a considerable emporium. The prophets Isaiah, Jeremiah, and Ezekiel, who flourished from 700 to 600 years B.C., represent Tyre as a city of unrivalled wealth, whose "merchants were princes, and her traffickers the honourable of the earth." Originally, the city was built on the main land. But having been besieged by the Babylonian monarch Nebuchadnezzar, the inhabitants conveyed themselves and their goods to an island at a little distance, where a new city was founded, which enjoyed an increased degree of celebrity and commercial prosperity. The old city was, on that account, entitled Palætyre, and the other simply Tyre. The new city continued to flourish, extending its colonies and its commerce on all sides, till it was attacked by Alexander the Great. The resistance made by the Tyrians to that conqueror showed that they had not been enervated by luxury, and that their martial virtues

[1] Chronologie d'Hérodote, cap. ii. p. 131.

were nowise inferior to their commercial skill and enterprise. The overthrow of the Persian empire was effected with less difficulty than the capture of this single city. The victor did not treat the vanquished as their heroic conduct deserved. In despite, however, of the cruelties inflicted on the city, she rose again to great eminence.[1] But the foundation of Alexandria, by diverting the commerce that had formerly centered in Tyre into a new channel, gave her an irreparable blow. And she gradually declined, till, consistently with the denunciation of the prophet, her palaces have been levelled with the dust, and she has become "a place for the spreading of nets in the midst of the sea."

The Phœnicians are designated in the sacred writings by the name of "Canaanites," a term which, in the language of the East, means merchants. They were the first to establish and carry on a traffic between the eastern and western portions of the ancient world. The spices, drugs, precious stones, pearls, ivory, and other valuable products of Arabia and India, have always been highly valued in Europe; and have been exchanged for the gold and silver, the tin, linens, wines, etc., of the latter. The former were originally conveyed to Tyre by caravans, or companies of travelling merchants, formed in the way previously stated. The routes of these caravans may yet be traced with more or less accuracy. One of the principal came from Arabia Felix (Southern Arabia), a distance of about 1,500 miles, by Macoraba (Mecca) and Petra[2] to Gaza and Tyre. Another caravan set out from Gerrha, an important emporium on the west side of the Persian Gulph, crossing Arabia to Petra. Others came from Babylon, Nineveh, and other cities on the Euphrates and Tigris, and from Armenia, etc.

At a later period, a part at least of the eastern trade of the Phœnicians, which had long been wholly carried on by land, began to be carried on by sea. Having formed an alliance with David and Solomon, kings of Judea, the

[1] Strabo, lib. xvi. § 16.

[2] In Idumæa, the capital of the Nabatheans.

Phœnicians acquired by that means the ports of Elath and Eziongeber on the north-east arm (Gulph of Akabah) of the Red Sea. Here they fitted out ships, which traded with the ports on that sea, Southern Arabia, and Ethiopia, and probably also with the western ports of India, or those on the Malabar coast. It is also stated that they penetrated into the Persian Gulph, and conquered or colonised the isles of Tylos and Aradus (the Bahrein Islands), contiguous to Gerrha. Ophir would appear to have been a favourite resort of the Phœnician ships from the Red Sea; and a great deal of erudition has been expended in attempting to determine the situation of that emporium or country. We, however, agree with Heeren, in thinking that it was not the name of any particular place; but a general designation given to the coasts of Arabia, India, and Africa, bordering on the Indian Ocean, somewhat in the same loose way that we now use the terms East and West Indies.[1]

The goods brought to Elath and Eziongeber by sea were mostly conveyed to the great emporium of Petra, whence they were forwarded by different routes to Tyre. But as the distance of Tyre from Petra is very considerable, and the transit of goods might be interrupted by the Hebrews, the Tyrians, to lessen this inconvenience, seized upon Rhinoculura, the nearest port on the Mediterranean to Elath and Petra. And the products of Arabia, India, etc., being conveyed thither by the most compendious route, were then put on board ships, and carried by a brief and easy voyage to Tyre. If we except the transit by the isthmus of Suez, this was the shortest and most direct, and for that reason, no doubt, the cheapest, channel by which the commerce between Southern Asia and Europe could then be conducted. It is not certain whether the Phœnicians possessed any permanent footing on the Red Sea after the death of Solomon. But if they did not, the want of it does not seem to have sensibly affected their trade. And Tyre continued, till a considerable period after the foundation of Alexandria, to be the grand emporium for Eastern products.

[1] Heeren's "Asiatic Nations," vol. i., caps. on Phœnicians *passim*.

The commerce of the Phœnicians with the countries bordering on the Mediterranean was still more extensive and valuable. At an early period, they established settlements in Cyprus and Rhodes. The former was a very desirable acquisition, from its proximity, the number of its ports, its fertility, and the variety of its vegetable and mineral productions. Having passed successively into Greece, Italy, and Sardinia, they proceeded to explore the southern shores of France and Spain, and the northern shores of Africa. They afterwards adventured upon the Atlantic; and were the first people whose flag was displayed beyond the Pillars of Hercules.[1]

Gades, now Cadiz, one of the most ancient and important of the Tyrian colonies, is supposed by St Croix to have originally been distinguished by the name of Tartessus or Tarshish, mentioned in the sacred writings.[2] Heeren, on the other hand, contends, as in the case of Ophir, that by Tarshish is to be understood the whole southern part of Spain, which was early discovered and partially settled by Phœnician adventurers.[3] At all events, it is certain that Cadiz early became the centre of a commerce which extended all along the coasts of Europe as far as Britain, and perhaps the Baltic. There can be no reasonable doubt, that by the Cassiterides, or Tin Islands, visited by the Phœnicians, are to be understood the Scilly Islands and Cornwall.[4] The navigation of the Phœnicians, probably, also extended a considerable way along the western coast of Africa.

But of all the colonies founded by Tyre, Carthage was deservedly the most celebrated. At first only a simple factory, it was materially increased by the arrival of a large body of colonists, forced by dissensions at home to leave their native land, about 883 years B.C.[5] Imbued with the enterprising mercantile spirit of their ancestors, the Carthaginians rose, in no very long period, to the highest eminence as a naval and

[1] Mons Calpe and Mons Abyla, the Gibraltar and Ceuta of modern times.

[2] De l'Etat et du Sort des Anciennes Colonies, p. 14.

[3] Huét, "Commerce des Anciens," cap. 8.

[4] Borlase on the Scilly Islands. pp. 72-78. [5] St Croix, p. 20.

commercial state. The settlements founded by the Phœnicians in Africa, Spain, Sicily, etc., gradually fell into their hands; and, after the capture of Tyre by Alexander the Great, Carthage engrossed a considerable share of the commerce of which her mother city had previously been the centre. The subsequent history of Carthage, and the misfortunes by which she was overwhelmed, are well known. And we need only observe, that commerce, instead of being, as has sometimes been imagined, the cause of her decline, was the real source of her power and greatness; the means by which she was enabled to wage a lengthened, doubtful, and desperate contest with Rome herself for the empire of the world.[1]

The commerce and navigation of Tyre probably attained their maximum from 850 to 550 years B.C. The Tyrians were at that period the factors and merchants of the civilised world, and enjoyed an undisputed pre-eminence in maritime affairs. The prophet Ezekiel (chap. xxvii.) has described in magnificent terms the glory of Tyre; and has enumerated several of the most valuable products found in her markets, and the countries whence they were brought. The fir trees of Senir (Hermon), the cedars of Lebanon, the oaks of Bashan (the country to the east of Galilee), the ivory of the Indies,

[1] The Carthaginians are said to have fitted out, during the most flourishing period of the republic (*Carthaginis potentia florente*, Plin. Hist. Nat. lib. ii. cap. 67), an expedition, under a commander of the illustrious name of Hanno, for making discoveries and founding settlements along the coast of Africa, southwards from the Pillars of Hercules. A brief account of this voyage is extant in Greek, being apparently a version from the original Punic, which is said to have been preserved in the temple of Saturn or Chronos. This version has been translated into English and commented on by Falconer, who has endeavoured to repel the arguments of Dodwell and others against its authenticity.—("The Voyage of Hanno," etc., by Thomas Falconer, A.M. London, 1797.) It has also been translated into Spanish, and its authenticity vindicated, by Campomanes (small 4to, Madrid, 1756); and into French by Bougainville, in the *Memoires de l'Academie des Inscriptions*, tome xxvi. and tome xxviii. See also Rennell's "Geography of Herodotus," ii. pp. 409-443.

the fine linen of Egypt, and the purple and hyacinth of the isles of Elishah (Peloponnesus), are specified among the articles used for her ships. The inhabitants of Sidon, Arvad (Aradus), Gebel (Byblos), served her as mariners and carpenters. Gold, silver, lead, tin, iron, and vessels of brass; slaves, horses, mules, sheep, and goats; pearls, precious stones, and coral; wheat, balm, honey, oil, spices, and gums; wine, wool, and silk; are mentioned as being brought into the port of Tyre by sea, or to her markets by land, from Syria, Arabia, Damascus, Greece, Tarshish, Ophir, and other places, the exact site of which it is difficult to determine.[1]

Such, according to the inspired writer, was Tyre, the "Queen of the waters," before she was besieged by Nebuchadnezzar. But, as already seen, the result of that siege did not affect her trade, which was as successfully carried on from the new city as from the old. Inasmuch, however, as Carthage soon after began to rival her as a maritime and mercantile state, this may perhaps be considered as the æra of her greatest celebrity.

It would not be easy to overrate the beneficial influence of the extensive commerce carried on by the Phœnicians. It roused the people with whom they traded from their indolence; and, while it gave them new wants and desires, it gave them, at the same time, the means by which they might be gratified. The rude inhabitants of Greece, Spain, and Northern Africa, acquired some knowledge of the arts and sciences practised by their visitors. And the advantages of which they were found to be productive, secured their gradual, though slow, advancement.

Nor were the Phœnicians celebrated only for their wealth, and the extent of their trade and navigation. Their fame,

[1] There is, in Dr Vincent's "Commerce and Navigation of the Ancients in the Indian Ocean," vol. ii. pp. 624-652, an elaborate and (like the other parts of that work) prolix commentary on this chapter of Ezekiel, in which most part of the things and places mentioned are satisfactorily explained. See also "Heeren on the Phœnicians," cap. iv.

and their right to be classed amongst those who have conferred the greatest benefits on mankind, rest on a still more unassailable foundation. "If," says Strabo, "the Greeks have learned geometry from the Egyptians, they are indebted for their astronomy and arithmetic to Sidon and Tyre."[1] Antiquity, indeed, is unanimous in ascribing to them the invention and practice of all those arts, sciences, and contrivances that facilitate commercial undertakings. They are held to be the discoverers of weights and measures, of money, of the art of keeping accounts, and, in short, of everything which belongs to the business of a counting-house. They were also famous for the invention, or improvement, of ship-building and navigation; for the discovery of glass; for their manufactures of fine linen and tapestry; for their skill in architecture, and in the art of working metals and ivory; and for the incomparable splendour and beauty of their purple dye.[2]

The invention and dissemination of these highly useful arts form, however, but a part of what the people of Europe owe to the Phœnicians. It is not possible to say in what degree the religion of the Greeks was borrowed from theirs; but that it was to a pretty large extent seems abundantly certain. Hercules, under the name of Melcarthus, was the tutelar deity of Tyre; and his expeditions along the shores of the Mediterranean, and to the straits connecting it with the ocean, seem to be merely a poetical representation of the progress of the Phœnician navigators, who introduced arts and civilisation, and established the worship of Hercules, wherever they went. The temple erected in honour of the god at Gades was long regarded with peculiar veneration.

The Greeks were, however, indebted to the Phœnicians, not merely for the rudiments of civilisation, but for the great instrument of its future progress—the gift of letters. Few facts in ancient history appear to be better established than that a knowledge of alphabetic writing was first carried to

[1] Lib. xvi. § 16.

[2] Scheffer. "De Militia Navali Veterum," lib. i. cap. 2.; Goguet, "Sur l'Origine des Lois," etc., Eng. Trans., i. 296. and ii. pp. 95-100. See also Heeren on the "Manufactures, etc., of the Phœnicians."

Greece by Phœnician adventurers; and it may be safely affirmed, that this was the greatest boon any people ever received at the hands of another.

The attention of the Phœnicians was not, however, wholly occupied by manufactures, navigation, and trade, and the cultivation of the arts and sciences subsidiary to their advancement. From the earliest ages they evinced a taste for philosophy and literature. Moschus, a native of Sidon, is said to have taught the doctrine of atoms previously to the Trojan war. And the treatise of Sanchoniathon on the Phœnician Cosmogony and Theogony is referred to about the same epoch.[1] At a later period, Phœnicia continued to be a favoured seat of learning. Boethus of Sidon is said by Strabo to have been one of his fellow-students; and Antipater and Apollonius of Tyre are names well known in the history of the Stoical philosophy. Under the Roman emperors, Berytus, one of the oldest of the Phœnician cities, became no less famous for the study of law in the East than Rome was in the West. It was said by Justinian to be the mother and the nurse of the laws. It is not known when or by whom this legal school was founded. But it is obvious, from a decree of the emperor Dioclesian, that it had been established long before his time.[2]

Before quitting this part of our subject, we may shortly notice the statement of Herodotus with respect to the circumnavigation of Africa by Phœnician sailors. The venerable father of history mentions, that a fleet fitted out by Necho king of Egypt, but manned and commanded by Phœnicians, took its departure from a port on the Red Sea, at an epoch which is believed to correspond with the year 604 before the Christian æra, and that, keeping always to the right, they doubled the southern promontory of Africa; and returned, after a voyage of three years, to Egypt, by the Pillars of

[1] The authenticity of this treatise has been denied, but probably on no good grounds; at all events it has not been copied from the Mosaic cosmogony.

[2] Ancient Universal History, vol. ii. p. 325; Gibbon, cap. 17.

Hercules.[1] Herodotus further mentions, that they related that, in sailing round Africa, they had the sun on their right hand, or to the north, a circumstance which he frankly acknowledges seemed incredible to him, but which, as every one is now aware, must have been the case if the voyage was actually performed.

Many learned and able writers, and particularly Gosselin,[2] have treated this account as fabulous. But the objections of Gosselin have been successfully answered in an elaborate note by Larcher;[3] and Major Rennell has sufficiently demonstrated the practicability of the voyage.[4] Without entering upon this discussion, we may observe, that not one of those who question the authenticity of the account given by Herodotus, presumes to doubt that the Phœnicians braved the boisterous seas on the coasts of Spain, Gaul, and Britain; and that they had, partially at least, explored the Indian ocean. But the ships and seamen that did this much, might, undoubtedly, under favourable circumstances, double the Cape of Good Hope. The relation of Herodotus has, besides, such an appearance of good faith, and the circumstance, which he doubts, of the navigators having the sun on the right, affords so strong a confirmation of its truth, that there really seems no reasonable ground for doubting that the Phœnicians preceded, by more than 2,000 years, Vasco de Gama in his perilous enterprise.

After the sack of Tyre and the conquest of Egypt, Alexander, who was no less eminent as a statesman than as a general, perceived the advantage that might be derived from the establishment of a commercial *entrepôt* at a convenient harbour near the western arm of the Nile. For this purpose he founded Alexandria, a city which, being connected with

[1] Herod., lib. iv., cap. 42.

[2] Recherches sur la Géographie Systématique et Positive des Anciens, tome i. pp. 204-217.

[3] Hérodote, tome iii pp. 458-464, edit. 1802.

[4] Geography of Herodotus, ii. pp. 348-402. 8vo edit.

the Nile by a canal,[1] became, first under the Ptolemies, and subsequently under the Roman emperors, a place of great trade, and the principal emporium for the exchange of the commodities of the eastern and western worlds. The trade with India was carried on from Myos-Hormos and Berenice, ports on the Red Sea, the latter being nearly under the tropic. The commodities landed at Berenice were conveyed by a N.W. route to Coptos on the Nile, and were thence conveyed by that river and the canal to Alexandria. This was not so short nor so expeditious a route as that by which the commerce of India had previously been carried on by the Phœnicians. And it is singular that none of the Syrian monarchs, the successors of Alexander, should have made an effort to secure to their dominions the advantages resulting from the possession of so lucrative a traffic, by restoring it to its old channel, or by establishing a route from the Persian Gulph to the Mediterranean.

SECT. II.—GRECIAN COMMERCE.

The Greeks, who so greatly improved most part of the arts they derived from others, never attained to high eminence as a commercial or maritime people. A variety of circumstances might be mentioned which account, in part at least, for the unfavourable light in which manufacturing and commercial employments were regarded in the Grecian states. The institution of domestic slavery[2] seems, however, to have had the greatest influence. It perpetuated a prejudice which probably origin-

[1] This canal, after having been for some ages filled up, was re-opened by the late Mehemet Ali, Pasha of Egypt, and is once more become the channel of communication between the Nile and the city.

[2] L'esclavage n'était pas seulement l'instrument, mais pour ainsi dire, la force motrice du travail antique. Ce que font les machines aujourdhui, ce que faisaient les chevaux avant nos machines, s'accomplissait, dans les limites ou ce travail était naturellement renfermé, par les bras des esclaves.—*Wallon*, "Histoire de l'Esclavage dans l'Antiquité," i. 246.

ated in those ages of violence and disorder, antecedent to the establishment of a regular form of government, when man, constantly exposed to hostile attacks, depended on his sword alone for protection, and devolved on the softer sex, or on the captives he had taken in war, all those sedentary and laborious occupations which he considered incompatible with the higher functions he was called upon to discharge. The contempt in which slaves were held made the industrial and menial employments, which were either wholly or partly committed to them, be regarded as mean and despicable. And this low estimate was not only in unison with the popular prejudices on the subject, but was approved by the most eminent philosophers, and sanctioned by the laws. Artisans, merchants, and mercenaries, are said by Aristotle, by whom they are classed together, to have a degraded existence; and he lays it down, that in well-regulated states mechanics should not be admitted to the rights of citizens.[1] In Sparta and Epidamnus, and perhaps in other states, mechanical employments were wholly confined to slaves; and in Thebes no individual could be elected to the magistracy who had been, during the previous ten years, engaged in commercial transactions. In those cities in which the democracy preponderated, the condition of mechanics and retail tradesmen was less unfavourable. During the ascendancy of the popular party in Athens, they might become citizens and magistrates. Still, however, the individuals employed in the manufacture and sale of goods did not even there attain to much consideration. These businesses were, in consequence, mostly carried on by slaves or by resident aliens; the latter being treated with little respect, and subjected to some highly vexatious and oppressive regulations.[2] Such conduct towards strangers was not a little contradictory in a commercial people. And Xenophon had good grounds for stating, that the Athenians would gain a great deal by treating the foreigners established in their city with

[1] Arist. Politica. lib. vii. cap. 2. § 7. and lib. iii cap. 3. § 2. See also a decisive statement in Herod. lib. ii. cap. 167.

[2] If they became bankrupt, though without any imputation of fraud, they were enslaved.

greater kindness and liberality.[1] The income derived from land was most esteemed by the Greeks, and agriculture was next to arms, and public employments their favourite occupation.

The first Grecian voyage of which we have any account, was undertaken by the Argonauts, from the coast of Thessaly to Colchis, on the east coast of the Euxine, about 1,200 years B.C. And such was the opinion entertained of the skill and courage evinced in the enterprise, that Jason and his compeers were ranked among the demigods; and the name of the vessel in which they made the voyage was conferred on one of the heavenly constellations. But the progress of the Greeks in naval architecture and navigation, did not correspond with their rapid progress in other departments. It has been justly observed that their victories by sea, during the Persian war, are to be ascribed more to their martial spirit and the courage inspired by their free institutions, than to their superiority in naval affairs. Even in the Peloponnesian war their ships were of inconsiderable burden and force, had only a single mast, depended more on oars than on sails, and were mostly without decks.

Innumerable instances occur in Grecian history which set in the clearest light the backwardness of the Greeks in navigation, and their little acquaintance with countries at no great distance from their own shores. The fleets which the Persian sovereigns employed in their expeditions against Greece, were partly manned by Ionian Greeks who were quite as good sailors as those of Greece proper. And yet Herodotus relates, that when Mardonius invaded Greece, he lost above 300 vessels and 20,000 men in doubling the promontory terminating in Mount Athos.[2] To avoid a similar disaster, Xerxes cut a canal across the isthmus connecting the Mount with the

[1] On the Revenue of Athens.—By this means, says he, you will increase the number of aliens, and the amount of the duty on aliens, (12 drachmas per annum for a man, and 6 for a woman), the noblest branch of the public revenue.

[2] Lib. vi. § 44.

mainland, the traces of which are still extant.[1] To double Cape Malea, the most southerly point of the Peloponnesus, was accounted, even in Strabo's time, an exploit of the greatest difficulty and danger.[2] The attempts which were frequently repeated to cut a canal across the isthmus of Corinth proved unsuccessful. But vessels were, notwithstanding, sometimes conveyed from sea to sea across the land; a conclusive proof as well of the smallness of their size as of the imperfection of navigation.

It is stated by Herodotus, that during the Persian war the Grecian fleet, which had rendezvoused at Ægina, in the Saronic Gulph, was visited by deputies from Ionia, who pressed them to sail for that country. But he says it was with difficulty they could be prevailed upon to make sail for Delos. For, he adds, they knew little of the countries beyond that island; and even supposed that Samos, adjacent to the coast of Ionia, was as distant from Ægina as the Pillars of Hercules.[3]

No doubt, however, this statement refers to the officers only, who in ancient times were chosen to command ships of war for their military talents, with little or no regard to their nautical experience or skill. And, understood in this way, it sets the ignorance, even of the better informed portion of the Greeks, in a very striking point of view. But it must not be regarded as affording any fair specimen of the knowledge of the masters of trading vessels. Everybody is aware that long previously to this epoch, colonies of Greeks were established in all the surrounding countries. Many of these grew, in no long time, to be flourishing and important communities. And the intercourse which they all kept up, to a less or greater extent, with their mother cities, would appear to render the statement of Herodotus quite inapplicable to the parties engaged in it.

But despite the influence of the favourable circumstances now referred to, the Greeks never distinguished themselves in

[1] Herod. lib. xii. § 24. Herodotus says that the cutting of the canal was a work of ostentation, as the vessels might, without much difficulty, have been conveyed across the isthmus.

[2] Lib. viii. cap vii. § 1.

[3] Lib. viii. cap. 132.

naval affairs. The ships of Athens and of Corinth, the two most commercial states of Greece, though of the largest size, were rarely met with west of Sicily; and it is doubtful whether one of them was ever seen beyond the Pillars of Hercules. In sailing, the Greek navigators seldom ventured out of sight of the land. And such was their timidity or want of skill, that they only went to sea in the summer months, and were invariably laid up in port for about half the year.

The narrow and generally barren territory of Attica being unable to furnish a sufficient supply of food for its numerous population, the importation of corn became an object of paramount interest. And conformably to that timid and cautious policy which all nations seem in the first instance to have embraced, the Athenians did not trust to the efforts of private individuals for its supply. The exportation of corn of native growth was unconditionally prohibited; and while unusual encouragement was given to the importation of foreign corn, only a third part of that which was imported could be re-exported.[1] Exclusive of the imports by private parties, considerable quantities were imported and warehoused at the expense of the state. And there appear to be good grounds for concluding that this corn was sold at a comparatively low price, and that it was sometimes distributed gratis.[2] The imaginary crimes of forestalling and regrating, which have occupied so prominent a place in the penal code of this and other modern countries, were denounced with as much vigour, and to as little purpose, in Athens. Part of the foreign corn required for the use of the state was obtained from Sicily, and part from Egypt, Rhodes, etc.: but by far the greatest supply was obtained from the Taurica Chersonesus, now the Crimea. This peninsula was, in fact, the granary of Athens; and every effort was made to protect and encourage the trade with it. Besides corn, the Crimea and the coasts of the Euxine abounded with various important articles, which met with a ready sale in the markets of Athens; such, for example, as salt-fish, timber and every-

[1] Boeckh, i. p. 111. [2] Ibid. i. p. 119, etc.

thing required for the construction of ships, with wax, honey, tar, wool, leather, goat-skins, etc. Immense numbers of the most serviceable slaves were brought from the Black Sea, and also from Thrace and Thessaly. The exports from Athens consisted of a great variety of articles, partly the produce of Attica, and partly brought from other countries. The iron-works and foundries of Attica produced many staple commodities, including arms, for the Euxine.

We may remark, by the way, that books are included among the articles of export. But there can be little doubt that Boeckh[1] is right, in saying that these were blank books, consisting of parchment, papyrus, or other material, formed into volumes. In Greece, the copying and sale of manuscripts was confined within very narrow limits. And though it grew to be of considerable importance in Rome after the age of Augustus, what may be truly called the trade in books is known only to modern times. It is one of the many results of the invention of modern paper, and the discovery of the art of printing. And, but for these, it is doubtful whether the present age would have had much reason to boast of its superiority over the ages of Pericles and Augustus.

The Athenians were fully sensible of the many advantages which they derived from the trade with the Euxine. Those princes whose territories lay upon its coasts, and more especially those who commanded the channel of the Bosphorus, received the most flattering marks of their regard. Some of them were advanced to the high dignity of Athenian citizens. And Leucon, king of Thrace, was so much pleased with this distinction, that he ordered the decree by which it was conferred to be engraved on three marble columns, one of which was placed on the Piræus, another on the side of the Bosphorus, and the third in the temple of Jupiter Urius. The wheat annually imported from the Crimea into Athens is said to have amounted to about 400,000 medimni,[2] or 570,000 bushels; and, estimating the imports from all other places at

[1] Public Economy of Athens, i. 66.

[2] The medimnus is equal to 1·426 bushel.

as much more, the total importation would amount to 1,140,000 bushels, or 142,500 quarters. The Athenians had the privilege of shipping wheat from the Taurica Chersonesus without paying the ordinary export duty of about 3½ per cent.; and, consequently, could undersell the merchants of other countries. To secure their trade with the Crimea, they kept a strong garrison at Sestus, on the Hellespont. The sentinels on duty in the castle were commanded to observe the number and description of the ships passing into the Euxine. The Athenians were thus made aware of the danger which their merchantmen had to apprehend in war from the cruisers of the enemy, and of the progress made by their rivals during peace.[1]

The island of Delos was a principal seat of Athenian, or rather of Grecian commerce. Being the reported birth-place of Apollo and Diana, it was regarded with peculiar veneration. The former had here a famous oracle, which indeed was second only to that of Delphi. Every sort of hostility was suspended within its hallowed and hospitable shores. Even the fleets of Xerxes, when he invaded Greece, were forbid, by his express orders, to anchor in its harbours. And besides its sanctity, and the celebrity of its oracles, various circumstances contributed to render Delos one of the greatest emporiums of antiquity. Its commodious situation in the centre of the Greek islands, and of the then trading world, being nearly equidistant from Europe and Asia, and from the Euxine and the Nile, rendered it a natural resort of merchants. After the sack of Corinth by the Romans, many of its inhabitants repaired to Delos, and largely augmented its trade and importance. Once in every Olympiad a grand festival was held in the island, which was resorted to by immense crowds, and was early renowned not only for the splendour of its religious rites and processions, but also for the extent of its commercial transactions. The purchase and sale of slaves formed a leading branch of the trade of which Delos was the centre.[2] The

[1] Clarke's "Connection of the Roman, Saxon, and English Coins," pp. 53-66.

[2] Chios was the next great insular slave market.

best were brought from the countries round the Black Sea; the greatest numbers being supplied by Lycian and Cilician pirates, who were tempted to carry on their robberies by the facility with which their captives were disposed of in the Delian markets. Strabo says that it was not unusual for several thousand slaves to be landed at Delos, sold, and shipped off to their respective destinations, in the course of the same day.[1] Most part of these wretches were latterly purchased by dealers from Rome. In addition to slaves, every commodity known in the ancient world was to be found in its markets. The products of Europe, Asia, and Africa were exhibited together, and bartered for each other. The island became a common storehouse for the treasures of every commercial nation; and the scene exhibited during the festivals, from the mixture of religious pomp and ceremony with commercial wealth and enterprise, was in a high degree picturesque and animated. The hostile incursions of Mithridates inflicted a blow on Delos from which she did not recover. The Romans, indeed, granted the inhabitants various privileges, and exempted them from all taxes and contributions. But the charm which had shed so brilliant a lustre over this little spot in the flourishing ages of Greece was gradually dissolved. Its oracles became mute; its festivals ceased to be frequented; its sanctity, no longer respected, failed to secure it from piratical incursions; and Delos was ultimately abandoned by its inhabitants. Tournefort, who has given the best account of its modern state, represents it as wholly uninhabited, and as being everywhere covered with superb ruins, the only memorials of its former wealth and magnificence. The inhabitants of Myeone were recently in the habit of holding Delos chiefly for the purpose of pasturage; and paid only ten crowns a-year to the Grand Seignior for the possession of what had anciently been one of the richest and most crowded emporiums of the world.[2]

It may be worth while to observe, that in modern times

[1] Strabo, lib. xiv. cap. 5.

[2] Tournefort, "Voyage du Levant," i. pp. 290-325.

Syra, also, one of the Cyclades, and only about seventeen or eighteen miles west from Delos, has, in consequence of its advantageous situation and commodious harbour, become an important emporium.

The Athenians passed a number of laws respecting commerce, mostly of a prohibitory nature. It was provided, for example, that no Athenian citizen, or stranger resident in Attica, should advance money on any vessel, or on the cargo of any vessel, unless it were to return to Athens, and discharge its cargo there. The exportation of various articles which were deemed of the first necessity, was expressly forbidden. Among others, this list included timber for building; fir, cypress, plane, and other trees, which grew in the neighbourhood of the city; the rosin collected on Mount Parnes and the wax of Mount Hymettus, which articles, mixed together, or perhaps singly, were used for caulking ships. The Athenians carried on war as much by impeding commerce as by force of arms, making, in this view, the most unscrupulous use of their naval ascendancy. There were besides a great number of laws respecting the conduct of masters of ships, the interest of money advanced on bottomry and other securities, the different sorts of contracts, etc. One of these laws inflicted a fine of a thousand drachmas, and in some instances the punishment of imprisonment, on whoever accused a merchant or trader of any crime he was unable to substantiate. All causes which respected commerce and navigation, could be heard only during the winter months, or when vessels were invariably in port, a regulation by which it was sought to prevent merchants and captains being prejudiced in their business by obliging them to attend the courts during the busy season. Functionaries, equivalent to the consuls of modern times, were also established in the different cities.[1]

Credit was generally at a low ebb in Greece. In Athens the rate of interest was not fixed by law, but varied according to circumstances.[2] The bankers and money-dealers of that

[1] Boeckh, book i. *passim*.

[2] See some statements with respect to it, *ante*, p. 144.

city paid certain rates of interest, varying, most probably, according to the magnitude and duration of the loan, to those who deposited money in their hands; their profit being derived from the higher rates at which they were able to relend it to others. Great confidence appears to have been placed in their integrity. Contracts for debt, and deeds of all sorts, as well as money, were trusted to their care; and engagements were concluded in their presence without other witnesses or writings.[1] And yet they never enjoyed much consideration. They consisted principally, indeed, of aliens and freedmen, and were, as a class, extremely unpopular. This arose partly from the low estimation in which all traders were held, partly from the strong prejudices which many entertained against taking any interest,[2] and partly, and principally, from the exorbitant rates which the bankers were sometimes in the habit of charging. But this, as we have previously shown, was no fault of theirs. It resulted from the extreme risk to which the principal was exposed from the defective state of the law, and the temptations which it held out to debtors to resist payment of their debts.

During war, every Athenian citizen who had a fortune of ten talents, was obliged, in case of need, to furnish the state with a galley; if he possessed twenty talents, he might be obliged to furnish two; but however rich, no more than three galleys and a boat were required of him. Those who were worth less than ten talents joined to contribute a galley.

Corinth had less of a warlike, and more of a manufacturing, and commercial character than Athens, or, indeed, than any other Grecian city. Her situation was particularly well suited for commercial enterprises. Being built on the isthmus between the sea of Crissa on the one hand, and the Saronic Gulph on the other, she became the *entrepôt* not only of all the commerce between the eastern and western parts of Greece, but also of many foreign countries. To avoid the difficulty and danger which

[1] Boeckh, i. p. 170.

[2] Aristotle appears to have been fully imbued with these prejudices. Politica, Lib. i. cap. iii. § 23.

the Greek navigators experienced in sailing round Cape Malea, goods that came from Italy, Sicily, and the countries to the west of Greece, were landed at Lechæum, a port of Corinth on the Crissean Sea, while the merchandise from Asia-Minor, the Euxine, Phœnicia, and the islands in the Ægean, were landed at Cenchra, another part of Corinth at the bottom of the Saronic Gulph, on the opposite side of the isthmus. The latter was so narrow that the goods were easily transported from the one port to the other; and, as previously seen, even ships were sometimes conveyed by land from sea to sea.

"Corinth," says the learned author of the travels of Anacharsis, "became the mart of Asia and Europe, continued to collect duties on foreign merchandise, covered the sea with ships, and formed a navy to protect her commerce. Her industry was excited by success; she built ships of a new form, and first produced galleys of three benches of oars. Her naval force procuring her respect, all nations poured their productions into her emporium. We saw the shore covered with the paper and sail-cloth of Egypt, the ivory of Libya, the leather of Cyrene, incense from Syria, Phœnician dates, Carthaginian carpets, corn and cheese from Syracuse, pears and apples from Eubœa, Phrygian and Thessalian slaves, with a great variety of other articles which daily arrive in the ports of Corinth. Foreign merchants of all countries, but more especially of Phœnicia, are attracted thither by the hope of gain; and the games of the isthmus draw together a prodigious number of spectators.

"These resources increasing the wealth of the state, workmen of all kinds are protected, and exert themselves with new emulation.[1] Certain manufactures of brass and earthenware, fabricated in this city, are held in the greatest estimation. Corinth possesses no copper mines, but her workmen, by mixing what they procure from foreign countries with a small quantity of gold and silver, compose a metal extremely brilliant, and almost proof against rust. Coverlets for beds

[1] Herod, lib. ii. cap. 167.

manufactured in Corinth, are in great demand in foreign countries. And her citizens have collected, at an immense expense, pictures, statues, and vases, the workmanship of the greatest masters."[1]

We may farther add, that in the magnificence of her public buildings, no less than in the splendour of the *chefs d'œuvre* of statuary and painting by which they were adorned, Corinth was second only to Athens. The opulence, of which she was the centre, made her a favourite seat of pleasure and dissipation, as well as of trade and industry. Venus was her principal deity; and the temple and statue of the goddess were prominent objects in the acropolis. Lais, the most celebrated of the priestesses of Venus, though of Sicilian origin, selected Corinth as her favourite residence; and so highly was she esteemed, that a magnificent tomb (described by Pausanias) was erected over her remains, and medals struck in commemoration of her beauty! In consequence, Corinth became one of the most luxurious, and also one of the most expensive, places of antiquity, which gave rise to the proverb,—

"Non cuivis homini contingit adire Corinthum."[2]

Corinth never fully recovered from the grevious injuries inflicted on her by the Romans under Mummius. But Julius Cæsar having sent a colony thither, she again became a considerable city. Being in all respects better situated than Athens, or indeed any other city of Greece, she should have been selected for the capital of the new kingdom. It would not require any very large outlay to make her citadel all but impregnable. And were a railway or canal carried across the isthmus, she would very probably recover no inconsiderable share of her ancient commerce.

We have already noticed the stimulus given to commerce by the quinquennial fete held at Delos, and by the Isthmian games; and we may add that the Olympian, Pythian, Nemæan, and other games, had a similar influence. They were at once great religious and great civil festivals.

[1] Voyage d'Anacharsis, cap. 37. [2] Hor. Epist. i. 17, v. 36.

They afforded opportunities which could not otherwise have been met with, of learning each other's wants and superfluities. And the peace and security which then prevailed throughout the Grecian world, made them be resorted to by crowds of dealers, with every variety of goods, from all parts of Greece, and from many distant countries.[1]

We cannot bring this notice of Grecian commerce to a close without briefly directing the reader's attention to the commercial history of Rhodes. Perhaps no state of Greece has deserved so well of the trading world. The situation of Rhodes fitted her for becoming an emporium; and her inhabitants did not fail to profit by this circumstance. There were anciently three cities in the island. But during the Peloponnesian war, the greater number of the inhabitants having resolved to settle in some one place, that, by uniting their strength, they might acquire greater security, laid the foundations of the city of Rhodes. It stood on the east coast of the island, and had a commodious harbour, the entrance being formed by two rocks fifty feet asunder.[2]

Rhodes was fortunate enough to preserve her friendly relations with the belligerent powers, and to be able to prosecute her commerce undisturbed during the whole course of the Peloponnesian war. Having wisely submitted to the irresistible force of Alexander the Great, the Rhodians, after his death, favoured the party of Ptolemy, king of Egypt. This partiality eventually involved them in hostilities with his rival Antigonus, whose son Demetrius, at the head of a powerful armament, besieged the city. The variety and size of the machines employed in this siege, and the ingenuity displayed in their construction, have rendered it one of the most memorable recorded in history; and it deserves to be added, that it furnishes the only example to be found in antiquity, of the establishment of a cartel for the exchange of prisoners. After

[1] None, however, but Grecians could contend in the games.

[2] The famous colossus is said to have stood on these rocks, but the statement does not appear to rest on any good foundation. See Geog. Dict. art. "Rhodes."

almost incredible efforts of skill and courage on both sides, Demetrius was forced to give up the enterprise. From this memorable epoch, the Rhodians enjoyed a lengthened course of tranquillity and prosperity. They early became allies of the Roman people; and their rights and liberties were long respected by their powerful patrons. From the period when Demetrius was obliged to evacuate their island, the attention of the Rhodians was principally devoted to commerce and navigation. Polybius states that they had in his time obtained the empire of the sea, and were the most flourishing and opulent commercial state then in existence. They did not exert their power to oppress rival nations, or to prevent them from developing their resources. One of their principal objects was to clear the seas of the pirates with which the Levant has always been infested. This conduct, and their general moderation and fairness, procured them the respect and esteem of other nations. Having suffered very severely from an earthquake which occurred 222 years B.C., and which threw down the colossus, Rhodes became an object of universal sympathy. Polybius enumerates some of the valuable presents which she received on this occasion from all the surrounding, and from many distant states, and which rendered her richer and more flourishing than ever.[1] That restless and often unprincipled ambition by which most part of the other Grecian states were actuated, rarely troubled the repose of Rhodes, or diverted her citizens from those pursuits in which their industry and maritime skill fitted them to excel. Here, as at Athens and Rome, corn was periodically distributed to the poor; and the rich were obliged, by an ancient custom, to support those who were destitute.[2]

All antiquity is unanimous in commending the wisdom of the Rhodian laws with respect to navigation. Previously to the formation of their famous code, this important subject was probably either entirely neglected, or at best regulated only by the ill-digested, and often conflicting municipal regulations of different states. The maritime laws of the Rhodians

[1] Polybius, lib. i. cap. 9.

[2] Strabo, lib. xiv. cap. 2, § 5.

were so highly esteemed that they were adopted into the jurisprudence of Rome, and have, consequently, been transmitted to modern times.[1]

The reputation of Rhodes as a learned and polished city was also very high. During the latter ages of the republic, and the first ages of the empire, the noble and aspiring youth of Rome resorted in great numbers to her hospitable shores to study science and philosophy. In this respect, indeed, she was preferred by many even to Athens. Among others, Cicero and Pompey studied at Rhodes. Julius Cæsar was taken by pirates when on his way thither; and Tiberius resided on the island for about seven years.[2]

The extreme prevalence of piracy in the Mediterranean during the period we have been considering may seem a singular phenomenon; but it is easily accounted for. From the infinite number of small independent states founded in Greece, the Grecian islands, the coasts of Asia Minor, Illyria, etc., and from the perpetual contests arising amongst them, a state of things grew up which necessarily led to piracy. Where so many were contending together, it was very difficult to say who had justice on his side, or who was and who was not a pirate, in the modern acceptation of the word. And hence, perhaps, the explanation of the fact that, in the heroic ages, piracy, or the indiscriminate attack of others, was not deemed dishonourable, but was, on the contrary, held in high estimation.[3] Menelaus, in the Odyssey,[4] boasts that the wealth which he showed to his guests was the result of his piratical expeditions; and they were a source of wealth to very many princes and states. But the advance of civilisation and com-

[1] See *post*, Essay on Maritime Law.

[2] See Schomberg's "Treatise on the Maritime Laws of Rhodes," *passim;* and the learned Dissertation of Pastoret, "Sur les Loix Rhodiennes." Paris, 1784.

[3] The early Greeks appear to have acted on the principle laid down by Hobbes, who says, "*Est enim nihil aliud prædatio quam quod parvis copiis geritur bellum.*"

[4] Odyssey, lib. iv. v. 90.

merce brought with it juster ideas in regard to piracy. And though, from the universal demand for slaves, and the little attention paid to the means by which they were acquired, piracy was not at any time regarded in Greece in the light in which we regard it, still it was reckoned meritorious to attempt to effect its suppression; and those states which exerted themselves for this purpose were looked upon as public benefactors.

SECT. III.—ROMAN COMMERCE.

That prejudice against the peaceful pursuits of commerce and manufactures which had so considerable an influence in the Grecian states, was still more strongly felt in Rome. The Romans were a nation of soldiers. The warlike genius of the people, their military education, and the spirit of their laws, concurred in estranging them from industrious undertakings. Commerce was despised. A law was passed, in the year of Rome 535, which prohibited patricians from owning ships of more than a very limited burden (300 amphoræ), because, as Livy says, all gain was held to be discreditable to a senator, *quæstus omnis patribus indecorus visus est.*[1] The higher classes could not openly engage in any branch of commercial or manufacturing industry. And though this prohibition did not directly extend to the inferior class of citizens, it did so indirectly, by stigmatising these pursuits as ignoble or vulgar.[2] It was the opinion of the early legislators of Rome, that the citizens should be brought up only to the plough and the sword; that the counter and the shop-board, though ever so necessary, should be consigned to aliens and slaves; that the Roman youth should addict themselves to nothing that might impair their strength or ennervate their courage; and

[1] Livy, lib. xxi. cap. 63.

[2] Les citoyens Romains regardoient le Commerce et les Arts comme des occupations d'esclaves; ils ne les exercoient point.—*Montesquieu "Grandeur et Decadence des Romains."* cap. 10.

that to scale the breach and strike down the enemy in the sight of the Roman army, was riches and honour, and the only true nobility.[1] In such a society the mechanical arts, commerce, and navigation, were necessarily abandoned to slaves, freedmen, provincials, and the very dregs of the populace.

This contempt of industrial occupations, which was natural to a rude, a warlike, and an agricultural people, was not less congenial to its tastes, after it had been enriched by plunder, and had spread its conquests over all the surrounding states. Instead of depending on their own exertions, the Romans trusted to the reluctant labour of slaves, and to subsidies extorted from conquered provinces. They endeavoured not only to make the interminable contests in which they were engaged defray their own expense, but to render them an abundant source of wealth. Rome drew to herself the spoils and tributes of a conquered world; and, in the end, Italy was in the enviable situation of enjoying a nearly total immunity from taxation.

The philosophy, too, of the ancient world contributed to perpetuate anti-industrial prejudices. That taste for refinement, for improved accommodation, and for foreign products, which is an ordinary result of commerce, was reckoned by the ancient moralists an evil of the first magnitude. They necessarily, therefore, looked upon its source with aversion. Hence Cicero, who had mastered all the philosophy of the ancients, speaks very disparagingly of manufacturing and trading pursuits. There can, says he, be nothing ingenuous in a workshop; and he adds that commerce, when conducted on a small scale, is mean and despicable; and, when most extended, barely tolerable—*non admodum vituperanda!*

In one of the lately discovered fragments of his treatise *De Republica*, Cicero eulogises the sagacity of Romulus in founding the city of Rome at a distance from the sea; partly because it was less liable to surprise, but principally because it was more likely to escape that demoralisation, and that

[1] Dion. Halic. lib. ii. cap. 28. Sallust. Cat. cap. 7.

decay of patriotism and of the martial spirit, which, he says, are distinguishing characteristics of all great sea-port towns. It is needless to say how completely this statement is contradicted by all history; even by the cases of Tyre, Corinth, Syracuse, and Carthage, with which Cicero was well acquainted. But these declamatory harangues in favour of poverty and rusticity did not appear absurd, even in the mouths of those who, like Sallust and Seneca, were indulging in every sort of luxury. They were also, as might be anticipated, a favourite theme of the poets. Virgil has described, as follows, the peculiar destiny and duty of the Romans:—

> "Excudent alii spirantia mollius æra;
> Credo equidem, vivos ducent de marmore vultus:
> Orabunt causas melius, cælique meatus
> Describent radio, et surgentia sidera dicent.
> Tu regere imperio populos, Romane, memento
> (Hæ tibi erunt artes) pacisque imponere morem;
> Parcere subjectis, et debellare superbos."[1]

These apparently lofty, but really narrow and illiberal prejudices, became in the end alike inconvenient and mischievous. Military skill and bravery were for centuries the only means by which distinction could be attained; and hence the contempt of wealth, and the unparalleled energy, fortitude, and perseverance of the Romans. But, to be always at war, there must be enemies to contend with. And after Italy, Carthage, and Macedonia had been subjugated, the martial virtues became of less importance, and were less valued. And while this decline took place, on the one hand, on the other the vast wealth which poured into the city from the conquered provinces produced an entire revolution in the sentiments and habits of all classes, and riches became the grand object of pursuit. When this change took place, or soon after, the estates of the higher classes were mostly cultivated by slaves, under the superintendence of stewards or bailiffs; and being either excluded from those industrial occupations in which

[1] Æneid, lib. vi. lin. 848.

they might have employed their time and acquired affluence, or despising them as mean and servile, they were forced to look out for other methods of advancement. The extraordinary eagerness with which the principal offices of the state began about this time to be sought after, was thus, in truth, the result of the novel circumstances under which the candidates were placed. They were not coveted merely as means by which individuals might distinguish themselves and rise to eminence, but as means by which they might support a lavish expenditure, repair ruined fortunes, and amass vast wealth. Though provinces could no longer be conquered, they could be made available for the private advantage of their governors. The rapacity of the Proconsuls, Prætors, Præfects, and other provincial rulers, in the latter ages of the republic, and particularly during the civil wars, was such as almost to surpass belief. The proceedings of Verres in Sicily are known to everybody from their having been made the theme of the indignant invective of Cicero.[1] But Verres was not so much an exception to, as a specimen of, the class to which he belonged.[2] The disgust occasioned by the intolerable exactions of the governors and tax-gatherers, occasioned the massacre of the Romans in the East; and did much to enable Mithridates to wage a lengthened contest even with their best generals.[3] Though curbed and restrained by the emperors, the oppression and extortion practised on the provinces were never effectually put down; and every now and then the grossest abuses were brought to light.

While, however, the patricians disdained the pursuits of

[1] And yet Cicero does not scruple to inquire, *An quis amplissimus Galliæ cum infimo civi Romano, comparandus est?* Pro Marco Fonteio.

[2] Lugent omnes, quæruntur omnes liberi Populi: regna denique jam omnia de nostris cupiditatibus et injuriis expostulant: Locus intra oceanum jam nullus est, neque tam longinquus, neque tam reconditus quò non, per hæc tempora, nostrorum hominum libido, iniquitasque pervaserit.—*Cicero in Verr*, lib. iii.

[3] Tantumque se (Mithridatem) avida expectat Asia ut etiam vocibus vocet. Adeo illis odium Romanorum incussit rapacitas Proconsulum, sectio Publicanorum, calumniæ litium.—*Justin*, lib. xxviii. cap. 7.

manufacture, they were, notwithstanding, by what seems a singular contradiction, at all times prone to engage in the practice of usury. From an early period they endeavoured to multiply their clients, and augment their resources, by the adoption of all those usurious devices which brought discredit on the Jews and Lombards of modern times. And the oppression and hatred thence arising led to frequent and sometimes serious commotions; and stimulated the plebeians in their efforts to limit the power and privileges of the nobles.

The wealth acquired by the plunder of provinces, of allies, and of the public, was usually spent in ostentatious folly and sensual gratifications. The crowds of slaves and other retainers belonging to the Roman grandees, and the magnitude of their expenditure, exceed anything of which history has preserved an account.

The wars in which the Romans were involved with the Carthaginians, and not the desire of extending or protecting trade, first prompted them to aim at maritime power. But though they soon perceived that the dominion of the sea was necessary as a preliminary step to the dominion of the land,[1] they looked upon the naval service in a subordinate point of view, and reserved it for those citizens who, not being worth 400 drachmas, were not admitted into the legions.[2] Nothing, however, can set the opinions entertained by the Romans with respect to naval affairs in a more striking point of view than their conduct on becoming masters of the ships of their enemies. Sometimes, as in the case of the vessels taken from Gentius, king of Illyria, they presented them to their allies;[3] but their usual practice was to commit them to the flames. Livy has noticed the grief of the Carthaginians when, at the end of the second Punic War, the Romans burned fifty of

[1] Qui mare tenet, eum necesse est rerum potiri.—*Cicero ad Att.*, lib. x. Ep. 7.

[2] Polybius, lib. vi. ex. 2. Marius was among the first to disregard this limitation, and to recruit from all classes.

[3] Huet. "Commerce des Anciens," cap. 30

their principal ships.[1] In so far as related to maritime affairs, they relied less on their superior strength for security, than on the impotency of others.

This barbarous policy led to some very undesirable results. During the most flourishing period of the republic, the Mediterranean was infested with pirates, who plundered the merchant ships of all nations, and paid but little respect to the majesty of the Roman flag. These mauraders belonged partly to the Balearic islands, partly to Illyria and Epirus, partly to Crete, and partly, and chiefly, to the coasts of Asia Minor, Cilicia being their principal stronghold and headquarters. Their depredations were conducted on an extensive and systematic plan. They had above 1,000 ships of different sizes, with watch-towers, arsenals, and magazines. And being formed into a species of commonwealth, they elected magistrates and officers, who distributed their naval force into fleets, assigned to each its proper duty and station, and gave unity and consistency to their operations. Emboldened by their success, and by the occupation afforded to the Romans by Mithridates, they ravaged the whole line of the Italian coast, sacked the towns and temples, the villas and country seats on the sea-shore, and carried off the inhabitants, whom they ransomed or sold as slaves. Nay, such was their audacity, that they blockaded the entrance to the Tiber, destroyed a Roman fleet within the port of Ostia, and even threatened the "eternal city," which they more than once deprived of its accustomed supplies of provisions.[2] To make head against this enormous and rapidly increasing evil, Pompey was invested with the proconsulate of the Mediterranean, and with the absolute command of that sea and of the adjoining coasts, to the extent of fifty miles inland. And though by his vigour and activity he succeeded in repressing the evil for a time, it was far from being completely abated. During the subsequent civil wars, the pirates re-appeared in great force. The leaders in the struggle were glad to avail

[1] Liv. lib. xxx. cap. 43.

[2] Cicero pro Lege Manilia; Huet, "Commerce des Anciens," cap. 36.

themselves of their services. And the younger Pompey having joined their fleets to his own, and put himself at their head, became the most formidable of all the antagonists of Augustus.

After the battle of Actium, and the final triumph of Augustus, he lost no time in taking such measures as seemed best fitted to ensure the command of the Mediterranean, and to protect the commerce of the empire. For this purpose, he organised two powerful fleets, one of which was appointed to rendezvous at Ravenna on the Adriatic, and the other at Misenum, in the bay of Naples. The former was destined to command the eastern, the latter the western, division of the Mediterranean. Each of these squadrons had its own separate commanders; and to each was attached a force of several thousand men. Besides these two ports, on the improvement of which Augustus expended large sums, and which may be considered as the principal stations of the Roman navy, a considerable squadron was stationed at Frejus on the coast of Provence, and the Euxine was guarded by about forty ships and 3,000 men. To these have to be added a squadron stationed near Alexandria, another on the Red Sea for the protection of the Indian trade, another to preserve the communication between Gaul and Britain, and a number of smaller vessels on the Rhine and the Danube, with others employed in different subsidiary services.[1]

Originally the common legionary soldiers were in the habit of serving, when required, with little or no previous training, on board ships of war, handling the oar at one time and their shields and swords at another. The inconvenience of this practice having become obvious, a peculiar description of men (*classiarii*) began to be raised for the sea-service, being a sort of half seamen and half soldiers. Though quartered on shore, they were instructed in seamanship, and were ready to embark on the shortest notice. Inasmuch, however, as this service was not reckoned so honourable as

[1] Gibbon, "Decline and Fall," cap. i.

that of the land, an inferior class engaged in it, and it was sometimes performed by manumitted slaves.[1]

The conveyance of corn and other articles of provision to the capital, formed the most important branch of Roman commerce, and was placed under the especial care of the government. The contiguous territory was at no time sufficient to supply Rome with corn; and long before the republican constitution was subverted, supplies were brought from distant countries. As the population of the city increasd, and the former corn-fields were converted into pleasure-grounds and pasture, the demand for corn was proportionally increased, and the supply from Italy proportionally diminished.

The onerous and difficult task of making good this deficiency, and of furnishing a quantity of corn adequate to the wants of the metropolis, was not, however, the only duty connected with this matter which devolved on the Roman magistrates. At all times corn had to be sold at a reasonable price. And according as the city population increased, and political power became more and more diffused, the practice began to grow up of distributing corn gratis to the indigent portion of the community. At first this gratuitous donation appears to have taken place only on peculiar occasions, such as the election to high office of some rich, ambitious, or powerful party, who wished to extend his popularity or influence. But the practice, once begun, afforded too easy a means of seducing and corrupting the public to be relinquished. The policy in regard to it was not, however, by any means uniform. Sometimes the quantity of corn which individuals might receive from the public warehouses was varied; sometimes it was sold to them at a certain low rate, and sometimes at another; sometimes it was supplied gratuitously; and sometimes the number of persons entitled to receive it was restricted. In general, it may be observed that all the more

[1] Vegetius de Re Militari, lib. iv. cap. 31; Adam's "Antiquities;" Campbell in "Harris' Voyages," i. 426, ed. 1764.

able and intelligent statesmen were fully aware of its pernicious influence over agriculture[1] and over the industry and well-being of the population, of its tendency to increase, and of the serious inroad which it made on the public revenue.[2] The vigour and ability of the government might, indeed, be inferred from the nature and extent of the restrictions which were laid on the donations of corn. But the practice was too universal, and the *popularis aura* too dependent on a bountiful supply of this necessary, to admit of its being subjected to any lasting or efficient regulation. Every weak or unpopular ruler endeavoured to strengthen his position, or to acquire or regain the public favour, by the magnitude of his largesses of corn. And the most powerful of the emperors, and those least disposed to pander to the wishes of the mob, never attempted to abolish its public distribution. The most they dared to do, was to raise the price at which it was sold, or to reduce the number of recipients. And latterly but little could be done even in this way. The

[1] This, however, has been excessively exaggerated. The influence which importations of corn have over the agriculture of the country into which they are brought, depends wholly on their magnitude. Supposing the total importation of corn into Rome under the emperors to have amounted to 1,000,000 or 1,200,000 quarters, there is no ground for thinking that it would have been reduced so low as 500,000 or 600,000 quarters had it been imported under a free system, as in England. But without insisting on this consideration, it is quite futile to suppose that an importation of 1,000,000 or 1,200,000 quarters could have inflicted any serious, or indeed sensible, injury on the agriculture of so great and so fertile a country as Italy. Its decay must be sought for in other causes than this. In the depopulation occasioned by the civil wars and the proscriptions; and still more, perhaps, in the extension of pasturage, and in the conversion of small into large estates principally cultivated by slaves, which it was cheaper to import than to breed. The beggarly population of Rome, the *misera ac jejuna plebecula*, as Cicero called it, could not support itself. It had to be supported by others. And it surely was more for the advantage of Italy that it should be supported by the provinces than by itself.

[2] Frumentariam legem C. Graechus ferebat. Jucunda res plebi Romanæ: vietus enim suppeditabatur large sine labore. Repugnabant boni quod et ab industria plebem ad desidiam avocari putabant, et ærarium exhauriri videbant. Pro Sextio, cap. 48.

cry of *panem et circenses* was too powerful to be resisted. Nothing, indeed, was so appalling to the government as an apprehended scarcity of corn. And every device was resorted to that could ensure the delivery of adequate supplies.

——— "Summa favoris
Annona momenta trahit: namque adserit urbes
Sola fames, emiturque metus, cum segne potentes
Vulgus alunt. Nescit plebes jejuna timere."[1]

The office of *Præfectus Annonæ*, that is, of the magistrate charged with the superintendence of the corn-trade, became of the highest importance. It was held by Pompey, Cæsar, and Augustus. And succeeding emperors did not consider that their dignity was compromised by adding to their other titles what we should call that of commissary-general of corn.

Numerous estimates have been formed of the quantity of corn imported into Rome for gratuitous, or nearly gratuitous, distribution. But the subject is involved in almost inextricable difficulties, and none of them are entitled to much weight. At one time Cæsar is said to have limited the number of recipients to 150,000. But not long after his assassination, they had increased to 320,000; and were again reduced by Augustus to 200,000. And as each recipient is said to have received 60 modii, or $14\frac{1}{4}$ bushels[2] a-year, the entire annual consumption would be 2,850,000 bushels. But the number of recipients, and probably also the supply allotted to each, was perpetually varying. If, however, we take 300,000 for the ordinary number of the former, and $14\frac{1}{4}$ bushels as their average allowance, the annual distribution would amount to 4,275,000 bushels, or 534,000 quarters.

It has been said that though 14 bushels was an ample allowance for an individual, it was too little for a family. The probability, however, seems to be (for there is nothing else to go by), that free males only, of the age of five and six years and upwards, were included in the list of recipients; and that

[1] Lucan, lib. iii. v. 55, etc.

[2] A modius is nearly, but not quite, $\frac{1}{4}$th part of a bushel, being 1·902 imperial gallons.

women and slaves were excluded from it. Senators, knights, and foreigners were also excluded. The degree of destitution necessary to entitle a party to be put on the free corn list is not stated, and no doubt was very undefined. But it is expressly mentioned that destitution, independent altogether of character,[1] was a sufficient title to this public bounty. Besides what was distributed gratuitously, corn was frequently sold, especially in times of dearth, by government to all classes, at reduced prices.

In addition to the quantities required for gratuitous distribution, large quantities of corn were imported into Rome for sale. It is impossible to say what proportion of the whole was supplied by Italy, and what by the provinces. But it is probable that by far the largest share was furnished by the latter. Perhaps, if we estimate the population of Rome at 1,200,000,[2] the provincial imports, which were wholly by sea, would not, in ordinary years, be less than 800,000 or 1,000,000 quarters. These, it will be observed, consisted wholly of wheat and barley; the latter being comparatively inconsiderable. It was principally, or rather perhaps altogether, brought from the countries round the Mediterranean, exclusive of the Black Sea.

This supply of corn was obtained in various ways: partly, and principally, by contributions imposed on Sicily, Mauritania, Egypt, and other corn-growing countries, which were obliged to furnish certain quantities gratuitously, or at specified prices, which were always considerably below the market prices at the time; and it was partly, also, purchased by government agents, especially in scarce years, and private parties, in the markets where it was to be met with.[3]

[1] "Frumentum publicum tam fur quam perjurus et adulter accipit, et sine delectu morum quisquis civis est."—*Seneca, De Benef.* iv. 28.

[2] This is Gibbon's estimate. Dureau de la Malle estimates it at only 562,000: while later authorities carry it up to above 2,000,000, or to about the population of London within the extended bills of mortality. But though the estimate of Dureau de la Malle be supposed to be a good deal within the mark, we have not the least doubt that it is much nearer to it than the latter, which is quite extravagant.

[3] See the learned article on the *Frumentariæ Leges*, in Smith's "Dictionary of Antiquities," and the valuable treatise on the Corn Trade of

Down to the time of the emperor Claudius, great difficulty was experienced in importing corn into the Tiber from the badness of the old harbour of Ostia, opened by Ancus Martius. In consequence, ships were frequently obliged to discharge their cargoes at Puteoli, in Campania, a great way from Rome. Julius Cæsar, it is said, had determined to obviate this serious inconvenience by constructing a new and more accessible harbour at Ostia. The design appears, however, to have been laid aside; and was not revived till a famine, which raged at Rome in the reign of Claudius, obliged him to take measures for the accomplishment of this necessary improvement. A spacious basin was accordingly dug in the mainland, the entrance to which was formed and protected by moles projecting into the sea. It is also stated, that, to facilitate the access to the port, a light-house, in imitation of the Pharos of Alexandria, was constructed near its mouth.[1]

But the accumulation of the sand and mud brought down by the river, which had destroyed the ancient port of Ostia, immediately began to affect the harbour of Claudius, which shortly became unfit to receive vessels of such considerable burden as many of those engaged in the corn trade. To remedy this defect, a new port was constructed by the emperor Trajan at *Centum Cellæ*, now Civita Vecchia, about thirty-eight miles W.N.W. Rome. And such was the judgment evinced in the selection of its site, and such the skill and solidity displayed in the contrivance and execution of the works, that Civita Vecchia continues to this day to be the port of Rome; and is, indeed, one of the best harbours on the west coast of Italy. It is formed by a breakwater, which has now the appearance of an island, constructed, as we learn from Pliny, precisely in the same way as the break-

Athens and Rome, in No. 168 of the "Edinburgh Review." The texts of the ancient writers bearing on the subject are collected in the treatise of Contarenus, "De Frumentaria Romanorum Largitione." 12mo. Vesaliæ, 1669.

[1] Suetonius, "Vit. Tib. Claudii," cap. 20, ed. Pitisci. Bergier, "Hist. des Grands Chemins," ii. 341; 4to, Bruxelles, 1736.

waters in Plymouth Sound and at Cherbourg.[1] Vessels leaving this port with a favourable breeze, were carried in about seven days to the Pillars of Hercules, and in nine or ten to Alexandria, in Egypt.

After the conquest of the latter, it became one of the principal granaries from which Rome first, and afterwards Constantinople, were supplied. Augustus paid the most marked, and indeed jealous attention, to everything that tended to consolidate and secure the Roman power in Egypt, to increase the supplies which it furnished of corn, and to render its conveyance from Alexandria to Rome safe and regular.[2] In this view he established a fleet of merchantmen, of a larger size than any that had previously been employed in the Mediterranean, for the importation of the corn of Egypt. This fleet was protected by an escort of ships of war. It received the names of *sacra* and *felix embola*, and enjoyed several peculiar privileges. Among these, Seneca includes the right, which could only be exercised by the corn ships from Africa, of hoisting the small top-sail called *supparum* when they approached the coasts of Italy. Some of the fast-sailing vessels attached to the fleet were sent forward to give notice of its approach; and a deputation of senators went down to Ostia, Puteoli, or Centum Cellæ, as the case might be, to receive the fleet, which anchored amid the acclamations of the spectators. The captains of the ships were obliged to make oath that the corn which they had on board was that which had been delivered to them in Egypt, and that the cargoes were entire as shipped.[3]

[1] Plin. Epistolæ, lib. vi. Ep. 31.

[2] If we may rely on the authority of Aurelius Victor, these precautions were not taken before they were necessary. He states that, on one occasion, during the reign of Augustus, there was only a three days' supply of corn in the city; and that the emperor had determined to take poison unless the corn fleets arrived in the interval! Luckily they did arrive; and the safety of the people was ascribed to the good fortune of Augustus. —*Aur. Victor, Epit. de Vita et Morib. Imperatorum*, cap. i. p. 22. ed. Pitisci.

[3] Senecæ Epist. No. 77; Bilhon, "Commerce des Romains," p. 73; Huet. "Commerce des Anciens," cap. 48. etc.

In addition to the corn imported by the regular fleets, the greatest encouragement was given to its importation by private parties. Tiberius, on occasions of scarcity, gave a high bounty on the corn imported into Ostia. And during the famine to which we have already alluded, Claudius pledged himself to give the importers of corn such a bounty as should yield them an adequate profit, after every expense to which they might be put was deducted. He also endeavoured to make corn be imported during winter, by offering to take upon himself whatever losses the merchants might sustain from risking their ships at sea during a season when it was the invariable practice to lay them up. And farther to encourage importation, Claudius conferred the freedom of the city on all who built ships of the moderate burden of 10,000 modii (about 2,500 bushels) of corn, and who employed them for six years in the corn trade. The extraordinary importance attached to large importations of corn, especially if a scarcity were averted or stayed by their means, is also evinced by the fact that it was customary, from a very early period, to issue medals in commemoration of the circumstance.[1]

Some of the ancient writers mention that Augustus was so sensible of the value of Egypt, that he had resolved to annex Ethiopia, or Abyssinia, to the empire, not on account of its intrinsic worth, but because it had been reported to him that the Ethiopians had it in their power to render Egypt a desert by diverting the waters of the Nile, to which it owes all its fertility, into another channel. And, singular as it may seem, this destructive project would appear to have been repeatedly entertained. At all events, it is said to have been seriously contemplated by Albuquerque, the famous Portuguese viceroy, in revenge of the conduct of the Egyptian sultan, who had, at the instigation of the Venetians, opposed the establishment of the Portuguese in India.[2]

[1] Taylor's "Elements of Civil Law," pp. 501, 505; and the numerous authorities there referred to. The importers of corn were early formed into a corporate body.—See Dig. lib. iii. tit. 4, *de Naviculariis*.

[2] Huet, "Commerce des Anciens," cap. 49.

Besides being the source whence Rome derived her principal supplies of corn, the possession of Egypt was in other respects of much importance. The paper of antiquity, prepared from the papyrus, a plant found in the pools and ditches communicating with the Nile, was her peculiar product. She also furnished a large amount of revenue; and was the centre of the most extensive foreign trade carried on in the Roman dominions, or indeed in the ancient world. "Rome," says Robertson, "enriched with the spoils and the tribute of almost all the known world, had acquired a taste for luxuries of every kind. Among people of this description, the productions of India have always been held in the highest estimation. The capital of the greatest empire ever established in Europe, filled with citizens who had now no occupation but to enjoy and dissipate the wealth accumulated by their ancestors, demanded everything rare, elegant, or costly, which that remote region could furnish, in order to support its pomp or heighten its pleasures. To supply this demand, new and extraordinary efforts became requisite; and the trade with India increased to a degree that was hitherto unknown."[1]

This trade was carried on, down to the reign of the emperor Claudius, nearly in the ancient mode. The ships engaged in it, after leaving Myos-Hormos, Berenice, and other Egyptian ports on the Red Sea, appear, on entering the Indian Ocean, to have sailed along the coast of Arabia, touching at Aden, Canè, and other emporiums, till they arrived at its south-eastern promontory (now Cape Ras-el-Had), whence they sometimes steered north-west to the Persian Gulph, and sometimes crossed the sea to the country near the mouths of the Indus, or waited for the ships from thence. It is singular that, in making this voyage, neither the Phœnician, Egyptian, nor Greek sailors should have availed themselves of the assistance which the regular recurrence of the trade-winds affords for getting to and returning from India. But at length, in the reign of Claudius, Hippalus, the commander of a vessel from Egypt,

[1] Disquisition on India, p. 43, 4to ed.

having, either through accident or design, left the promontory of Syagros (now Cape Fartaque), on the coast of Southern Arabia, was carried by the western monsoon direct to Zigeris (probably the modern Jayghur), on the Malabar coast; whence he returned, after a prosperous navigation, by the eastern monsoon. And the voyage was soon after still further abridged, by sailing direct from Ocelis, at the mouth of the Arabic Gulph, to Musiris, which is perhaps identical with Mangalore, in Canara.[1] The memory of the discoverer of this new route was perpetuated by giving his name to the wind which had borne him to India. And the facility which it afforded for carrying on an intercourse with that distant region was so great, that the previous route by Cape Ras-el-Had was comparatively deserted. From this remote epoch down to the voyage of Vasco de Gama round the Cape of Good Hope, in 1497, the course followed by Hippalus continued, with little variation, to be the pathway of the commerce between Europe and India. And now, by a not less remarkable revolution, that commerce, after having deserted it for more than 340 years, has again partially reverted to this ancient and direct channel. We may add, that, including the river navigation and land carriage in Egypt, a voyage from Alexandria to Musiris, and back again, was usually accomplished in about twelve months. But, thanks to the improvement of navigation and the introduction of steam, the voyage from England to India, by Alexandria, is now accomplished in less than half the time the Egyptians formerly consumed in sailing thither from Berenice.[2]

There is no evidence to show, and perhaps little ground for supposing, that any of the vessels from Egypt that traded with Musiris, and other ports on the Malabar coast, made any exploratory voyages, or that they were ever seen on the farther coast of India. They were met at Musiris by caravans bringing produce by land, and by vessels from the contiguous ports, and probably, also, from those on the Bay of Bengal.

[1] Plin. Hist. Nat. lib. xi. cap. 23; Robertson's India, p. 49, 4to ed.

[2] Sharpe's "Hist. of Egypt," p. 374, ed. 1846.

And notwithstanding the difficulties under which it was carried on, and the limited knowledge which those engaged in it had of India and its markets, the trade was such that even now it would appear to be of considerable magnitude and importance.

Egypt suffered much from the revolutions, disorders, and excesses of all sorts, which prevailed during the reigns of the degenerate Ptolemies preceding its conquest by the Romans. It is most probable that its commerce with the East partook of the general depression. But after the vigorous government of Augustus had put down abuses, and introduced good order, Egypt became more prosperous than ever. Strabo mentions that, in the preceding reigns, only twenty ships sailed from the Arabic Gulph for India, whereas, under Augustus, no fewer than one hundred and twenty ships annually cleared out for that continent.[1] The customs-duties on the commodities which they exported and imported produced a large revenue, at the same time that new sources of wealth were opened to those who had enterprise and activity enough to profit by them. Horace, it is probable, had this extraordinary development of the trade with India in view when he says,—

> "Impiger extremos curris mercator ad Indos,
> Per mare pauperiem fugiens, per saxa, per ignes."[2]

The principal articles of importation into Rome from the East may be comprised under the heads of spices and aromatics, precious stones, pearls, ivory and silk.

The immense number of temples devoted to religious purposes in the ancient world, and the custom of burning frankincense and other costly spices on all grand festivals, occasioned their consumption in large quantities. But their expenditure in the gratification of vanity and ostentation far exceeded their expenditure in honour of the gods. The fashionable ladies of Greece and Rome were so perfumed with costly unguents, that their odour attracted the attention of those by whom they

[1] Strabo, lib. ii. cap. 4, § 5, and lib. xxii. cap. 1, § 7.
[2] Epist. lib. i. : Ep. 1. line 45.

were not seen. On great occasions, and especially at the funeral of an emperor, or other illustrious personage, the outlay on spices surpassed all bounds. The body, and the funeral pile on which it was laid to be burned, were covered with the finest and most expensive varieties. To such an extent was this extravagance sometimes carried, that a greater quantity of spice is said to have been burned at the funeral of Poppœa, the mistress of Nero, than Arabia Felix produced in a year.[1]

But though principally, these spices were not wholly, supplied by Arabia. The balsam, said by Pliny to be the choicest of all aromatics, was a product peculiar to Judæa, being originally grown only in two small gardens belonging to its ancient kings. In their final struggle with the Romans, the Jews endeavoured to destroy the plants which furnished the balsam. But they were defeated in the attempt, and the shrub was exhibited, with the other spoils of Judæa, in the triumph of Titus. The balsam was thereafter included among the tributes of the Roman people.[2]

In addition to those furnished by Arabia and Judæa, spices were imported from India, Ethiopia, and Ceylon. Whether any came from the Moluccas it is impossible to say.

Precious stones and pearls were probably, next to spices, the most valuable of the articles supplied by the East to Rome. The art of cutting diamonds was imperfectly known to the ancients: but they held, notwithstanding, a high place in their estimation, though not so high as that which they hold in ours. The values of these and other gems varied according to the differences in their size and qualities, the diversity of tastes, and the caprices of fashion. The immense number of precious stones mentioned by Pliny, and the care with which he describes and arranges them, show how much they were prized by his countrymen.

But of all the articles of luxury and ostentation known to the Romans, pearls seem to have been the most esteemed. *Principium culmenque omnium rerum pretii margaritæ tenent.*[3]

[1] Plin. Hist. Nat. lib. xii. cap. 18.
[2] Ibid. lib. xii. cap. 25
[3] Ibid. lib. ix. cap. 35.

They were worn on all parts of the dress; and such was the diversity of their size, purity, and value, that they were found to suit all classes, from those of middling to those of the most colossal fortune. The famous pearl ear-rings of Cleopatra are said to have been worth about £160,000; and Julius Cæsar is reported to have presented Servilia, the mother of Brutus, with a pearl for which he had paid above £48,000. And though no reasonable doubt can be entertained in regard to the extreme exaggeration of these and similar statements,[1] the fact that the largest and finest pearls brought immense prices is beyond all question. It has been said, that the wish to become master of the pearls with which it was supposed to abound, was one of the motives which induced Julius Cæsar to invade Britain.[2] But though a good many were met with in various parts of the country, they were of little or no value, being small and ill-coloured, *subfusca ac lividia*.[3] After pearls and diamonds, the emerald held the highest place in the estimation of the Romans.

Pliny appears to have been rather intolerant of the finery in which the Roman ladies were disposed to indulge. He says that he had looked with astonishment at Lollia Paulina, the dowager of Caligula, whose head-dress, necklace, and bracelets, consisting of pearls, emeralds, and other precious stones, cost forty millions sesterces, or about £320,000![4] And yet, despite this contempt of expense, the richest Romans were destitute of various articles which the poorest individuals amongst us regard as indispensable. Lollia had neither shifts nor stockings; and even the windows in the imperial palaces were without glass.

The famous murrhine cups, *vasa murrhina*, with respect to which there has been so much learned, though not very satisfactory discussion, were first brought to Rome from the East by Pompey about sixty-four years before the Christian æra.

[1] See *ante*, p. 58. [2] Sueton. Vit. Jul. Cæsar, cap. 47.

[3] Tacit. Agricola, cap. 12; Gough's "Camden," iii. 189, edit. 1806.

[4] Hist. Nat. lib. ix. cap. 35. The father of Lollia, Marcus Lollius, acquired his immense wealth by abusing the powers entrusted to him in the East.

They were used as drinking cups, and fetched enormous prices; Nero having given, according to the common method of interpreting, £58,000 for a single cup! The extravagance of the purchaser may, in this instance, be supposed to have increased the price; so that the degree of estimation in which they were held may be more accurately inferred from the fact that, of all the rich spoils of Alexandria, Augustus was content to select one for his share.[1] Pliny[2] says they were made in Persia, particularly in Karamania. Those who contend they were China ware, chiefly found on the following line of Propertius :—

"*Murrheaque in Parthis pocula* COCTA FOCIS."[3]

In despite, however, of this apparently decisive authority, Le Bland and Larcher, in two very learned dissertations,[4] which Robertson has declared are quite satisfactory, have endeavoured to prove that the *vasa murrhina* were formed of transparent stone dug out of the earth in some Eastern provinces, and that they were imitated in vessels of coloured glass.[5] Dr Vincent[6] inclines to the opposite opinion; but the weight of authority is evidently on the side of his opponents. At all events, it is plain that if the murrhine cups were really porcelain, it had been exceedingly scarce at Rome, as their price would otherwise have been comparatively moderate. But it is most probable that the ancients were wholly unacquainted with this article; which, indeed, was but little known in Europe till after the discovery of the route to India by the Cape of Good Hope.

Silk was introduced into Rome as early as the age of Pompey and Cæsar; but though greatly admired by the public, and often mentioned by the Greek and Roman authors, they had not, for several centuries after its use became common, any certain knowledge either of the countries whence it came, or of the manner in which it was produced. Some

[1] Sueton. lib. ii. c. 71.
[2] Lib. xxxvii. c. 2.
[3] Lib. iv. Elig. 5, line 26.
[4] Mémoires de L'Academie, tom. xliii.
[5] Robertson's "Disquisition on India," note 39.
[6] Commerce and Navigation of the Ancients, vol. ii. p. 723.

supposed it to be a fine down adhering to the leaves of certain trees or flowers; others imagined it to be a variety of wool or cotton; and even those who had learned that it was the product of an insect, show by their descriptions that they had no accurate idea of the mode of its formation.[1]

For a lengthened period its price was quite exorbitant. It was deemed a dress too expensive and delicate for men, and was wholly appropriated to ladies of the highest rank and opulence. In the reign of Tiberius, a law was passed, *ne vestis serica viros fœdaret*—that no man should disgrace himself by wearing a silken garment.[2] But Heliogabalus despised this law, and was the first of the Cæsars who, in the words of Gibbon, "sullied the dignity of an emperor and a man," by wearing a dress composed wholly of silk (*holosericum*). The example once set, the custom of wearing silk soon became general among the wealthy citizens of Rome, and throughout the provinces. According as the demand for the article increased, efforts were made to import larger quantities; and the price seems to have progressively declined from the reign of Aurelian, when it is said to have been valued at its weight in gold. That this must have been the case, is obvious from the statement of Ammianus Marcellinus, that silk was in his time (anno 370) very generally worn, even by the lowest classes. *Sericum ad usum antehac nobilium, nunc etiam infimorum sine ullâ discretione proficiens.*[3]

China continued to draw considerable sums from the Roman empire in return for silk, now become indispensable to the western world, till the 6th century. About the year 550, two Persian monks, who had long resided in China and made themselves acquainted with the mode of rearing the silk-worm and the preparation of its products, encouraged by the gifts and promises of Justinian, succeeded in carrying the eggs of the insect to Constantinople. Under their direction they were hatched and fed; they lived and laboured in a foreign

[1] Robertson's "India," p. 55, 4to ed. [2] Tacit. Annal. lib. ii. c. 33.
[3] Lib. xviii. c. 6.

climate; a sufficient number of butterflies was saved to propagate the race, and mulberry trees were planted to afford nourishment to the rising generations. A new and important branch of industry was thus established in Europe. Experience and reflection gradually corrected the errors of a new attempt. And the Sogdoite ambassadors acknowledged in the succeeding reign, that the Romans were not inferior to the natives of China in the education of the insects, and the manufacture of silk.[1]

In addition to the great articles now mentioned, the ivory of Ethiopia and India,[2] with the cottons, sugar, and drugs of the latter, were brought to Rome. So early as the time of Herodotus, the Greeks were aware that the Indians prepared cloth of wool obtained from a plant.[3] And cotton is farther noticed by Arrian after Nearchus,[4] by Strabo,[5] and by Pliny, who commends, the whiteness and softness of the cloth manufactured from the plant in upper Egypt, *nec ulla sunt iis candore mollitiâve præferenda.*[6] It is probable, therefore, that small quantities of cottons found their way to Italy from the time when the Romans began to trade with Alexandria. But there is no reason to think that they ever were common, or in much request in Rome. It would appear from the Periplus of the Erythræan sea that Indian cottons were principally exported from Baragyza, now Baroche, in the gulph of Cambay. But they were no doubt found in all the ports visited by ships from Egypt.

The knowledge which the ancients possessed of sugar, was if possible still more defective than that which they possessed of silk. They appear to have thought that it was found adhering to the cane, or that it issued from it in the state of

[1] Gibbon, "Decline and Fall," cap. 40.

[2] India mittit ebur. Virg. Georg. lib. i. lin. 57.

[3] Lib. iii. cap. 106.

[4] Hist. Ind. cap. 16.

[5] Strabo, lib. xv. cap. i. § 10. In the same paragraph, Strabo says that silks were produced, somewhat after the manner of cottons, from thread or wool obtained from the bark of certain trees.

[6] Hist. Nat. lib. xix. cap. 50.

juice, and then concreted like gum. Indeed, Lucan expressly alludes to Indians near the Ganges,—

"Quique bibunt tenerâ dulces ab arundine succos." [1]

But these statements are evidently without foundation. Sugar cannot be obtained from the cane without the aid of art. It is never found native. Instead of flowing from the plant, it must be forcibly expressed, and then subjected to a variety of processes. It is not, however, quite so clear as has been generally supposed that the Romans were wholly unacquainted with the mode of procuring sugar. The remarkable line of Statius,—

"Et quas percoquit Ebusia cannas," [2]

has been conjectured, apparently on pretty good grounds, to refer to the boiling of the juice of the cane. But the passage has been differently read, and is too enigmatical to be much depended on.

Pliny in describing sugar, says that it is brittle between the teeth, *dentibus fragile;*[3] and from this and similar passages, Moseley conjectured that the sugar known at Rome, was sugar-candy obtained from China. And it would seem that the preparation of sugar-candy has been understood and practised in China from a very remote antiquity; and that large quantities of it have been in all ages exported to India, whence, it is most probable, small quantities were brought to Rome.[4]

The route by Egypt and the Red Sea, though the principal, was not the only channel through which an intercourse was formerly carried on between the East and Europe. At a very early period, the products of the former were conveyed from Bactria and Persia to the Caspian Sea; and thence, partly by land and partly by water, across the intervening territory, to the embouchure of the Phasis in the Euxine. From this latter point the goods were forwarded to Constantinople, and

[1] Lib. iii. 1. 237. [2] Sylv. lib. i. v. 15. [3] Lib. xii. cap. 8.
[4] "Treatise on Sugar," 2d edit. pp. 66-71.

to Sinope and other parts on the Black Sea.[1] There were also other routes by which caravans made their way from Persia and Syria to the Euxine, and to Smyrna and other ports of Asia Minor. Constantinople drew, for some centuries before her fall, a large portion of her supplies of eastern products through these routes.

The commerce of the Romans during the flourishing period of the republic and the empire, was partly carried on with ordinary products, and partly with gold and silver. The papyrus of the Nile, the glass of Diospolis, the linen and tapestry of Alexandria, vases of various sorts, with iron, lead, tin, oil, wine, wool, and other products, from Italy and Europe generally, were exported from Egypt to Arabia, India, and other eastern countries. These, however, do not appear to have been equivalent to the articles imported; and hence, in spite of repeated prohibitions to the contrary, the precious metals were annually exported in considerable quantities to India. Tiberius complained to the senate that the wealth of the state was irrecoverably consigned to foreign and hostile nations, in exchange for luxuries and female ornaments.[2] And Pliny computes the annual drain for cash to India only for the same objects at fifty millions sesterces, or £400,000;[3] and to India, China, and Arabia at double that sum, or at about £800,000 a-year.[4] And he farther adds, that the articles were sold, when brought to Italy, for a hundred times their original cost; that is, for the incredible sum of £80,000,000! Most probably, indeed, Pliny's estimate

[1] See the Dissertation on the Commerce of the Euxine, annexed to Falconer's Translation of Arrian's Periplus of that sea, p. 116, etc., and the authorities there referred to.

[2] Tacit. Annal. lib. iii. cap. 53.

[3] "Digna res, nullo anno imperii nostri minus II. S. quingenties exhauriente India, et merces remittente, quæ apud nos centuplicato veneant." —*Hist. Nat.* lib. vi. cap. 23.

[4] "Minimâque computatione millies centena millia sestertium annis omnibus, India et Seres, peninsulaque illa (Arabia) imperio nostro adimunt. Tanto nobis deliciæ et fœminæ constant."—*Ibid.* lib. xii. cap. 18.

of the sums exported to the East is exaggerated. But whether that be so or not, the rate of increase at which he supposes them to be sold should be looked upon merely as a rhetorical mode of saying that their price was very greatly increased in the transit from India and Arabia. The statement is too extravagant to admit of any other interpretation. If the addition made to the value of the Eastern products, in their way to Rome, were estimated at five or six times their prime cost, that is, if they were supposed to be worth in the latter £4,000,000 or £4,800,000, there is every probability that it would not be within, but very materially beyond, the mark.

But whatever may have been the drain of the precious metals to the East, there is no ground for supposing that it had the bad effects which have been attributed to it by Mengotti[1] and others. It was not the exportation of bullion, but other and very different causes, the reliance placed by the Romans on tributes and subsidies, their contempt for industrious pursuits, and the incurable defects in their provincial administration, which hindered the improvement of agriculture and the useful arts, and ultimately occasioned the impoverishment and dismemberment of the empire. The dread of being deprived of an adequate supply of bullion was as visionary then as now. Silver was the metal principally exported to India. And while there is no reason to suppose that gold had become scarcer, Gibbon has shown that the proportion which it bore to silver in the time of Pliny, was considerably increased in the reign of Constantine. Whatever, therefore, may have been the amount of the Arabian and Indian imports, they did not deprive the empire of a sufficient stock of the precious metals. The influx of the latter from other quarters, and the produce of the mines, sufficed to meet the demands for foreign payments, without lessening the home supply, or increasing their value.[2]

Although, however, the genius of the Roman people was

[1] "Del Commercio De Romani," p. 220, etc., ed. Milano 1802.

[2] "Decline and Fall," cap. 2.

averse from commercial pursuits, the vast extent of their empire, the various nations which it comprised, and the protection which its government afforded to all individuals, made it the theatre of a considerable internal trade. The union among nations was never so entire, nor their intercourse so secure, as within the limits of this great empire. The whole civilised world was subjected to a uniform and well-digested system of law, which, though sometimes "violated by power, and perverted by subtlety and venality," preserved a degree of order and security that was elsewhere unknown. Commerce was not obstructed by the jealousies of rival states, interrupted by frequent hostilities, or limited by partial restrictions. It was left to be carried on, with but little interference on the part of government, under a system of free and open competition.

But notwithstanding these peculiarly favourable circumstances, the trade of the Roman world was confined within much narrower limits than we might at first be inclined to anticipate. A little attention will, however, suffice to show that it could not be otherwise. In modern times, the subdivision of employments is everywhere carried to a very great extent; and there are but few individuals, even of the humblest classes, who are not indebted to others, and those frequently foreigners, for by far the largest portion of the articles required for their consumption. And hence the universal diffusion and vast extent of modern commerce. But in antiquity a different order of things prevailed. The labouring class consisted principally of slaves, who were supplied with little but necessaries; and these were mostly produced on the estates or in the families to which they belonged. Domestic manufactures were universally established. And it is, perhaps, needless to add, that where they exist there can be little or no trade. "Almost every profession, either liberal or mechanical, might be found in the household of an opulent senator."[1] And it was not unusual, both in Athens and Rome, for rich individuals to have large bodies of slaves trained to different businesses,

[1] Gibbon, "Decline and Fall," cap. 2.

which they let to others or to the state. These, however, were but seldom engaged in what we should call manufacturing establishments; but were mostly hired to serve in some sort of menial capacity. And hence, with the exception of the corn and provision trade of Rome and some other great cities, but few branches of commerce could be said to originate in, or to be materially promoted by, the demand of the bulk of the population. And though the aristocratical classes were rich and numerous, yet as the leading articles of their food and clothing were principally or wholly supplied by their slaves and dependants, they had little to buy other than rare and costly articles of luxurious consumption and enjoyment, such as the various products of the East, and the choicest specimens of art. But in the aggregate, the amount of these would be much less than is commonly supposed. The aristocracy of England, like that of Rome, is a very large body, and is possessed of immense wealth. But when compared with the rest of the community, its riches and expenditure become all but evanescent quantities. And supposing that the outlay of all parties belonging to this country, who have £5,000 or £6,000 a-year and upwards, were suddenly to cease, the effect upon the national revenue and trade would hardly be perceptible. But in antiquity it was quite different. In the Roman economy, slaves occupied the place which labourers occupy amongst us; and while the middle class was comparatively circumscribed, it sold little and bought little. Without the freedom of the lower classes, and the extensive subdivision of employments, it is impossible, whatever may be its advantages in other respects, that any country can attain to opulence or distinction in manufactures or trade.

The public revenue of the Romans, though principally derived from the tributes imposed on the conquered provinces, was also in part derived from duties on merchandise, and other sources. The *portoria*, or customs payable on the commodities imported into and exported from the different ports of the empire, formed an ancient and considerable branch of the national revenue. They were imposed, as Tacitus has observed, when the spirit of liberty was highest among the

people. *A consulibus et tribunis plebis institutæ; acri etiam populi Romani tum libertate.* The rates at which the duties were charged were fluctuating and various, and little is now known with respect to them. The most complete list of foreign articles on which customs duties were levied, is to be found in the law compiled by Marcian, relating to the duties to be imposed on goods imported from the East into Egypt.[1] Bouchaud has given a learned, elaborate, and tedious commentary on the various articles mentioned in this law.[2]

It may be justly said of the Romans that they never have been equalled in the difficult art of effacing national and local prejudices, and of consolidating different and distant nations into one homogeneous people. Much of their success in this respect is due to their colonies and high roads. No country was considered as fully subjugated till colonies of Roman citizens were established in it, and till highways, communicating with those leading from Rome, had been carried to its remotest extremities. The former served at once to overawe and bridle the conquered people, and to communicate to them the language and the arts of the conquerors; while the latter served as channels to convey information from and to the imperial city, and by which the victorious legions could be marched wherever disturbance or danger was apprehended. But the military and political influence of those establishments, how powerful soever, was not greater than their influence in diffusing civilisation, and in promoting the intercourse of the different provinces. Hence the intimate relation that subsisted among the various parts of the Roman empire, and which was said to give it more the appearance of a city than of a vast territory stretching from the Euphrates to the Severn, and from Atlas to the Rhine.

[1] Dig. lib. xxxix., tit. iv. cap. 16, de Publicanis et Vectigalibus.

[2] "Essai sur l'Impot du vingtieme sur les successions," etc., pp. 399-450.

" Fecisti patriam diversis gentibus unam :
Profuit injustis te dominante capi.
Dumque offert victis proprii consortia juris,
Urbem fecisti, quod prius orbis erat." [1]

The roads were accurately divided by mile-stones, and ran in a direct line from one city to another, with very little respect either for the obstacles of nature, or of private property. Mountains were perforated, and bridges thrown over the broadest and most rapid streams. Such was the solidity of their construction, that they have not entirely yielded to the effort of fifteen centuries. Posts were established along all the great lines of road. Houses, provided with an adequate number of horses, were erected at the distance of every five or six miles, so that, with the help of these relays, it was easy to travel a hundred miles a day along the Roman roads. Though originally intended only for the public service, the use of the post was afterwards indulged to the business or convenience of private citizens.[2]

From the foundation of Constantinople, A.D. 324,[3] the trade which had previously centered at Rome, as well as its political importance, gradually declined. The situation of the former, on the narrow straits separating Europe from Asia, and uniting the Mediterranean with the Euxine, is one of the finest that can be imagined; and is infinitely preferable, in a commercial point of view, to that of the old capital of the empire. For a considerable period a large portion of the revenues of the Roman world was brought to the new city. And after the Western Empire had been overrun and subjugated by the barbarians, Constantinople continued to be the metropolis of many rich and fertile provinces. But, during the latter portion of its existence, the dominions of the Eastern Empire were much curtailed, and its population, alike effeminate and worthless, could hardly lay claim to a single manly virtue.

[1] Rutilii Itin. lib. i.

[2] Gibbon, " Decline and Fall," cap. 2.

[3] The ancient Byzantium was included within the ample circumference of the imperial city.

The city, however, not having suffered from hostile irruptions, had a large population, great wealth, and numerous manufactures. It was also the grand mart for the products of the East. These it received partly from Alexandria, and partly by the route, already noticed, by the Caspian and the Black Sea. Till the merchants of Venice, Amalphi, and other free cities appeared in the field, the whole trade of Europe in Eastern commodities was in the hands of the Greeks. And though it had greatly fallen off from what it had been in the flourishing ages of the Western Empire, it still continued to be far from inconsiderable. When the crusaders visited Constantinople, they were much struck with its magnitude, the magnificence of its public buildings, and the riches of the inhabitants.

The population of Constantinople, like that of Rome, was for some centuries principally supported on corn imported by government, and either distributed gratis, or sold at a comparatively low price. It was partly brought from Egypt, and partly from the Black Sea. The exports from the former fell off greatly in the lengthened interval between Augustus and Justinian; but the increase in those from the Black Sea helped to balance this deficiency. After a long decline and agony, the Greek empire finally expired on the 29th May 1453, when Constantinople fell, by assault, into the hands of the Turks.

SECT. IV.—ITALIAN COMMERCE IN THE MIDDLE AGES.

During the gloomy period of the subversion of the Roman empire, and the establishment of the barbarians in its different provinces, the ancient commerce of the world was all but wholly annihilated. The Romans had never penetrated to any considerable extent into the territories of the Germans and other northern nations; and the little intercourse carried on with the frontier tribes had but a slight influence over those that were at a greater distance. The latter were,

for the most part, rude in the extreme, being wholly destitute of literature, and but very imperfectly acquainted with even the most necessary arts. Their bravery and thirst for conquest was accompanied with the greatest cruelty and contempt for the subjugated people, who were everywhere reduced to a state of slavery. The lands, with their inhabitants, were divided among the conquerors. And the feudal system was merely a device, not unskilfully contrived, for perpetuating the dominion of the latter by forming them into a militia commanded by the chieftains or great lords. Industry of all sorts was despised. And the perpetually recurring contests between neighbouring and rival lords afforded a pretext and an excuse for every crime.

Though they had many things in common, still there were wide and well-marked differences among the conquering tribes. And as the most violent animosities frequently subsisted amongst them, after they had established themselves in particular countries or districts, they guarded their frontiers with unwearied vigilance. Strangers were considered in nearly the same light as enemies. Commerce was limited to an exchange of the most necessary articles. Even when confined to the same country, it was prosecuted under the greatest difficulties. The merchant and his goods were exposed to the attacks of banditti, while the nobles were in the habit of imposing and exacting oppressive tolls on those passing through their territories.[1] At sea matters were, if possible, even worse than upon land. Piracy was everywhere prevalent; and was again regarded, as in the heroic ages, as honourable and praiseworthy. Shipwrecked mariners were uni-

[1] Le commerce fut aussi arrêté par les entraves que lui mirent les droits et les peages. Ils etoient en grande quantité; et les rois, avec toute leur puissance, ne pouvoient s'y opposer. Quelqu' ingenieux que soit notre siecle pour inventer une multitude d' impôts onéreux, les grands de ce temps là l'etoient bien davantage encore, et ils obligeoient les marchands que passoient des marchandises sur leurs terres, de leur payer des droits dont nous pourrons a peine comprendre les noms tels sont, par example, ceux de *Rodaticum*, *Pulveraticum*, *Cispitaticum*, etc. Schmidt "Histoire d'Allemagne," ii. 145.

formly enslaved, and their property seized by the lords of the inhospitable shores on which it had been cast away.[1] Nay, such was the almost inconceivable barbarism of the times, that it was not uncommon for divines to prostitute religious worship by praying that the adjacent coasts might be enriched with shipwrecks.[2]

The steps by which Europe emerged from this abyss of barbarism have been traced by Robertson, Guizot, and other eminent writers. But notwithstanding the depth and universality of the darkness by which it was overshadowed, parts of Italy, and the other countries adjoining the Mediterranean, preserved some small portion of their ancient acquaintance with the arts, and with trade and navigation. And the free cities round its shores being the first to distinguish themselves by the successful prosecution of these kindred branches, became, in consequence, the earliest sources of modern civilisation.

Of these cities, Venice was the most ancient and the most important. Attila having invaded Italy in the year 452, a number of the inhabitants of Aquileia and the neighbouring territories, flying from the ravages of the ferocious barbarian, found a poor but secure asylum in the cluster of small islands opposite the mouth of the Brenta, near the bottom of the Adriatic Gulph.[3] The fishery was at first almost the sole occupation of the fugitives; to it were soon after added, the preparation and sale of salt, for which their situation gave

[1] Robertson's "Introduction to Charles V.," Note 29.

[2] Incredible as it may seem, this practice was continued down to a comparatively recent epoch. "Cependant il y a encore en Allemagne des pays où la coutume de confisquer les biens naufragés n'est point encore abolie. Il y a même des endroits on les ministres prédicateurs ne font pas difficulté de prier Dieu en chaire qu'il se fasse bien des naufrages sur leurs côtes. Et ces prieres, Thomasius à entrepris sérieusement de les justifier; mais par des raisons si singulieres, qu'elles ne valoient pas la peine que Barbeyrac a prise de les refuter."—*Valin, Commentaire sur l'Ordonnance de* 1681, ii. 586, 4to, 1776. See also Puffendorff. "Droit de la Nature et des Gens," par Barbeyrac, ii. 706, 4to. 1734.

[3] Gibbon, iv. 302, ed. 1838.

them every facility; and in no very lengthened period, their ships, which were constantly increasing in size and number, visited all the harbours of the Adriatic and of the adjoining seas. They speedily, indeed, acquired a decided superiority in every part of the former, and having suppressed the pirates established on its eastern shores, became its undisputed masters. The marriage which Venice annually celebrated with the Adriatic, as marking her exclusive dominion and sovereignty over that sea, was contracted in 1173.

Such was the origin of this famous city. Her inhabitants carried with them their republican form of government.[1] Their commerce and navigation were the result of the circumstances under which they were placed. Few states have enjoyed so long a period of independence. From her insular stronghold, says the historian of the Italian republics, Venice beheld the long agony and termination of the Roman empire in the west. She witnessed the elevation and fall of the Ostrogoths in Italy, and the Visigoths in Spain; of the Lombards who succeeded to the first, and the Saracens who conquered the second. She saw the rise of the empire of the Caliphs; she saw it threaten to subdue the earth, and she saw it fall to pieces and expire. Long connected with the Byzantine emperors, she was by turns their ally and their foe; she bore away trophies from their capital,[2] and subjugated some of their finest provinces; she beheld the extinction of their empire, and the rise of the Ottoman power on its ruins. But

[1] In the course of time the government of Venice fell entirely into the hands of the aristocracy, and was ultimately formed into the most jealous, vigilant, and relentless despotism that has ever existed. No individual dared to express, and hardly even to entertain, an opinion on public matters. The highest functionaries of the state, as well as the meanest of the people, were equally subject to the tyranny of its inquisitorial and secret tribunals. But, however unrelenting, this despotism had at least the merit of maintaining public tranquillity. And, while the other states were torn by intestine factions, few events occurred that could affect or ruffle the torpid and even tenor of Venetian life. But, as Mr Hallam has truly stated, "the wildest excesses of faction are less dishonouring than the stillness and moral degradation of servitude."—*Middle Ages*, i. 483.

[2] The bronze horses in St Mark's Place.

the same fate must, sooner or later, overtake all the works and institutions of men. And this proud republic, which had so long surveyed undisturbed the rise and fall of dynasties and empires, and formed the connecting link between the ancient and the modern world, has also ceased to exist.[1]

In the darkest and most barbarous ages, the Venetians carried on a considerable intercourse with the Levant. Marin, in his elaborate history of the commerce of Venice, has shown that his countrymen were in the habit, from the age of Justinian, of resorting to Constantinople and other ports in the Eastern Empire, and of supplying the markets and fairs of Italy with the merchandise of the East; and they obtained, at an early period, various privileges and immunities from the Greek emperors. They did not, however, confine their commerce with the East to that which they carried on with the Greeks. Soon after the Saracens had obtained a footing in Egypt and Sicily, an intimate intercourse grew up between them and the Venetians. The latter once more supplied the ports round the Mediterranean with the products of Arabia and India, brought from Alexandria and Acre. In addition to salt, corn, wine, oil, and other European products, slaves were in great request in the markets of Syria and Egypt, and the Venetians did not hesitate to undertake their supply. In this view they purchased and kidnapped slaves, whether Christians or not, wherever they had an opportunity, and sold them to the Saracens.[2] Some of these purchases having been made in Rome itself, the circumstance came to the knowledge of the Pope, who, having returned the purchase money to the Venetians, ordered the slaves to be set at liberty. His Holiness, at the same time, published an edict denouncing the purchase and sale of slaves as a flagrant abuse. It may, however, be observed that the thunders of the Vatican were not directed against this traffic from any enlarged views

[1] Sismondi, "Republiques Italiennes," i. 298, ed. 1818.

[2] Schmidt, "Histoire d'Allemagne," ii. 146. He adds, "Et afin de rendre les esclaves plus beaux, on avoit déjà la coutume horrible d'en chatrer plusieurs."

of its injustice or inexpediency, but from a religious scruple. Had the Venetians enslaved only infidels, the church would most probably have overlooked the offence. But it was felt to be a disgrace to the Christian faith, that those who professed it should be sold by other Christians to its greatest enemies; and to obviate this scandal, the church interposed its veto. The Venetian government also prohibited its subjects from engaging in this traffic.[1] But whether it were that it was not very earnest in the matter, or that it wanted means to enforce the prohibition, the merchants of Venice were engaged in the trade in slaves so late as the fifteenth century, and they swarmed in the city down to a still later period.

However much opinions may differ in regard to the influence of the crusades over other parts of Europe, it is admitted on all hands, that they were highly advantageous to the Venetians and other Italian states. They furnished the ships which the Crusaders freighted to convey themselves to the Holy Land. And the numbers of those who engaged in this pious though warlike migration, and took passage by sea, were so very great, that they gave employment to immense numbers of vessels at greatly increased rates of freight. Very large sums were, in consequence, realised by Venice, Genoa, and the other cities which engrossed this novel branch of the carrying trade. Their shipping was not only greatly augmented, but greatly improved. The vessels which navigated the Mediterranean in the 13th, 14th, and 15th centuries, were mostly very superior to any that had previously been seen in that sea; the best class being fitted successfully to encounter the rougher waves of the Atlantic. In antiquity, and down to this period, only one mast had been used; but vessels with two and three masts, and square-rigged, began now to be generally employed. The art of tacking was discovered, and voyages during the winter season, which had been unknown to the Greeks and Romans, and but rarely practised in the age preceding the crusades, were brought, during their continuance, into general use. It only required

[1] Marin, "Storia del Commercio," ii. p. 52, and p. 163.

the application of the magnetic needle to nautical purposes, which took place about this period, to carry navigation to the state of perfection at which it had arrived, when the introduction of a new and gigantic motive power rendered it all but independent of wind and tides.[1]

The Italian cities did not, however, in their dealings with the crusaders, content themselves with the advantages derived from high freights and the employment of their shipping. They endeavoured, at the same time, to facilitate and secure their trade, and to extend their dominions. When they agreed to convey the Christians to their destination, they were accustomed, in addition to the money to be paid to them, to stipulate for leave to establish factories and consuls in the countries to be conquered by the expedition; and sometimes, also, to acquire a share of the subjugated territory. Hence it was, that when Constantinople was taken by the crusaders, a large portion of the empire fell to the share of the Venetians, by whom they had been assisted.

Towards the middle of the 15th century, when the Turkish sultan, Mahomet II., seized on the throne of Constantine and Justinian, the power of the Venetians had attained its maximum. At that period, besides several extensive, populous, and well cultivated provinces in Lombardy, the republic was mistress of Crete and Cyprus, of the greater part of the Morea, and most of the isles in the Ægean Sea. She had secured a chain of forts and factories that extended along the coasts of Greece from the Morea to Dalmatia; while she monopolised almost the whole foreign trade of Egypt. The preservation of this monopoly, of the absolute dominion she had early usurped over the Adriatic, and of the dependence of her colonies and distant establishments, were amongst the principal objects of the Venetian government; and the measures it adopted in that view were skilfully devised, and prosecuted with inflexible constancy. With the single exception of Rome, Venice, in the 15th century, was the richest and most magnificent of European cities; and her singular situation in the midst of

[1] Forster's "Mahometanism Unveiled," ii. 235, etc.

the sea, on which she seems to float, contributed to impress those who visited her with still higher notions of her wealth and grandeur. Sannazarius is not the only poet who has preferred Venice to the ancient capital of the world; but none, perhaps, have expressed their preference in such highly valued verses:—

> Viderat Adriacis Venetam Neptunus in undis,
> Stare urbem, et toti ponere jura mari.
> Nunc mihi Tarpeïas quantum vis, Jupiter, arces
> Objice, et illa tui mœnia Martis, ait:
> Sic pelago Tibrim præfers, urbem aspice utramque,
> Illam homines dices, hunc posuisse deos.[1]

Though Venice was the first city in which the spirit of commercial intercourse that had been suppressed by the irruption of the barbarians was revived, Amalphi, Pisa, and Genoa were not long behind. The former, on the Gulph of Salerno, thirty miles south of Naples, though now an obscure village, inhabited by about 3,500 fishermen, attained, at a remote epoch, to distinction as a maritime republic, and is said by Gibbon to have preceded Venice in re-opening an intercourse with the East. But the more recent researches of Daru, who enjoyed sources of information inaccessible to previous historians, show that this statement is inaccurate, and that Venice carried on a considerable traffic with the Levant before any competitor appeared in the field. But the Amalphitans entered, at a very early period, on this career with singular energy and success. In the ninth century their city is said to have had 50.000 inhabitants. They were extensive navigators and merchants. Their trade comprised the products of Africa, Arabia, and the East; and their settlements in Antioch, Jerusalem, and Alexandria, acquired the privileges of independent colonies. William of Apulia, a writer of the 11th century, has noticed Amalphi in verses,

[1] Coryat says that Sannazarius received a *douceur* of 600 crowns for these lines, a liberal certainly, if not an extravagant, reward.—*Coryat's Crudities*, i. p. 197, ed. 1776.

partly quoted by Gibbon, and said by him to "contain much truth and some poetry."[1]

> Urbs hæc dives opum, populoque referta videtur:
> Nulla magis locuples, argento, vestibus, auro;
> Partibus innumeris, ac plurimus orbe moratur
> Nauta maris cælique vias numerare peritus;
> Huc et Alexandri diversa feruntur ab urbe
> Reges et Antiochi: hæc freta plurima transit:
> Hic Arabes, Indi, Siculi noscuntur et Afri;
> Hæc genus est totum prope nobilitata per orbem,
> Et mercanda ferens, et amans mercata referre.

These, however, were circumstances that redounded more to her own profit than to that of others. But we are said to owe a peculiar and not easily exaggerated debt of gratitude to Amalphi. It was, says Sismondi, a citizen of that republic, Flavio Gioja, who invented the compass or introduced it into navigation; in her was found a unique copy of the Pandects which revived the knowledge and the study of jurisprudence in the West; and the maritime laws of Amalphi (*Tabula Amalphitana*) early acquired in the Mediterranean the same influence that was enjoyed by the laws of the Rhodians in antiquity, and that was acquired at a later period by the laws of Oleron in the countries bordering on the Atlantic.[2] Very large deductions must, however, be made from this too partial statement. Gioja may have improved the compass by rendering the needle more suitable to the purposes of navigation; but if he did this much, it is all, for there can be no doubt that it had already been applied to them.[3] Some authorities treat as a fable the story of the famous manuscript of the Roman law carried off by the Pisans from Amalphi, and now at Florence. And though there be no reasonable ground for this exaggerated scepticism, Savigny and others have shown that the study of the civil law was vigorously prosecuted long previously to the alleged discovery

[1] "Decline and Fall," vii. p. 225, ed. 1838.

[2] "Republiques Italiennes," i. 242, ed. 1818.

[3] See *post*, Essay on the Origin of the Compass.

of the MS. referred to.[1] The statements respecting the *Tabula Amalphitana*, appear to be entitled to no credit, and to be wholly founded on a mistake. Though several distinguished authorities have referred to this table, none of them quote it, or appear to have seen it. No trace or vestige can now be found of any such table or law. And the presumption is, that it never had any real existence, and that some other law had been mistaken for it.[2]

Though brilliant, the career of Amalphi was but short. She was sacked by the Pisans in 1135, when the MS. of Justinian's Compilations is said to have fallen into their hands, and was soon after subjugated by the Normans. Her commerce having been diverted into other channels, she speedily sunk into total obscurity.

It was the lot, and perhaps the misfortune, of Italy in the middle ages, as of Greece in antiquity, to be split into an immense number of independent and rival states. This division, and the generally liberal system of government that prevailed in the different cities, powerfully excited the patriotism and energies of the people, and made them feel that their own interests and importance were identified with the prosperity and greatness of the city or state to which they belonged. The powers which had been dormant for centuries were in consequence revived; and the Italians became famous for their progress in the arts, in literature, and in every pursuit that could add to the comfort and the embellishment of society. But this was not effected without a corresponding cost. The disputes among the rival republics, from the limited extent of their territory, from their being engaged in similar pursuits, and from their deeply affecting every individual, were prosecuted with all the eagerness of personal, and the rancour of political, quarrels. Each petty state regarded its neighbours as its most dangerous enemies. And

[1] Schomberg's "Historical View of the Roman Law," pp. 197-204; Pardessus Lois Maritimes, i. 140.

[2] See *post*, Essay on Maritime Law.

was anxious, whenever an opportunity offered, to invoke the dangerous assistance of the foreigner.

We need not, therefore, wonder that the Pisans did not long escape a fate similar to that which they had been so instrumental in bringing down upon the Amalphitans. A strong spirit of rivalry had always subsisted between them and the Genoese, over whom they had for a while the ascendancy. At an early period the Pisans wrested Sardinia from the Saracens. All parts of the Mediterranean were visited by their ships; and besides Elba, Sardinia, and the Balearic islands, which they had also conquered, they had factories on the coasts of Syria and the Black Sea. On the recovery by the Greeks of the capital of their empire from the Latins and Venetians, the Genoese, from whom they had received most valuable aid, were rewarded with various privileges and immunities. Among others they obtained possession of Pera, one of the suburbs of Constantinople; and soon after formed the design, in which they ultimately succeeded, of excluding all ships but their own from the Black Sea. This attempt at monopoly, added to other causes of animosity, led to a violent struggle between them and the Pisans. Victory was long doubtful. But at length, in 1284, the decisive battle of Meloria,[1] in which the Pisans were defeated with the loss of a great part of their fleet, and about 16,000 men killed and prisoners, terminated the contest in favour of the Genoese.[2] Intestine commotions hindered the Pisans from making any effectual efforts to recover from this disaster, and precipitated the downfall of the state, which afterwards fell into the hands of the Florentines. Though greatly fallen off, Pisa is still a considerable and interesting city, and has one of the most celebrated universities in Italy. But so complete has been the ruin of her commerce and navigation, that no trace can be found of her port, and even its locality has become a subject of doubt and discussion.

At this period, and for long after, the naval power of the

[1] A small island about 10 miles S.S.W. from the mouth of the Arno.

[2] Sismondi, "Republiques Italiennes," iv. p. 23.

Genoese enjoyed an undisputed superiority in the western parts of the Mediterranean. And profiting by the discovery of the mariner's compass, their ships, many of which were of large burden, began to extend their voyages beyond the Straits of Gibraltar to Portugal, France, the Low Countries, and England. It is not known when they first appeared in our waters. Probably it was somewhere towards the close of the 13th century. In 1316, Edward II. complained of the Genoese supplying arms to the Scotch, then at war with him, reminding them of the long friendship which had subsisted between their state and his ancestors, the kings of England; and in the same year the French carried off from the Downs a Genoese ship laden with produce for England. But though they appear to have been preceded by their rivals, the Venetians were but little behind them in finding their way hither. Marin mentions that 100,000 lbs. sugar and 10,000 lbs. sugar-candy, were shipped from Venice for England in 1319. And in addition to sugar, spices, and all sorts of eastern products, with silks, cottons, glass, etc., were sent to us from Italy.

In 1323, a quarrel took place between the crews of five Venetian ships lying at Southampton and the towns-people, in which several lives were lost. The king, fearing lest the irritation arising out of this circumstance might deter the Venetians from continuing their trade to England, granted a free pardon to all parties concerned in the affray, promising at the same time the most perfect security and friendly treatment to all Venetians coming to England. In 1325, the same monarch, Edward II., concluded a commercial treaty with the republic of Venice, in which its subjects were exempted from the liability under which aliens then laboured, of having themselves or their goods seized on account of the debts of other foreigners.[1]

In the ages now referred to, Bruges and Antwerp were the principal seats of the commerce carried on between the

[1] Anderson's "Chron. History of Commerce," under the years 1316, 1323, and 1325; Henry's "Hist. of Great Britain," viii. 323, etc., ed. 1800.

Italian cities and the north of Europe. The Hanseatic League, of which the foundations had been laid in the 12th century, had its principal factory in Bruges; and there the ships belonging to that powerful confederacy, were in the habit of meeting those from Italy, and exchanging their respective products. And the wealth resulting from their being the seat of this traffic, coupled with the establishment of the woollen manufacture, early raised the Low Countries to a high degree of opulence and refinement.

While they were thus prosecuting their trade along the western coasts of Europe, the Venetians and Genoese were animated by the fiercest spirit of hostility. Excepting, indeed, a few short intervals of suspicious truce, the war between them was waged for nearly three centuries. The most memorable, perhaps, of the many contests in which they were engaged began in 1378. After defeating the Venetian fleet, the Genoese took possession of Chiozza, which commanded one of the passages leading through the Lagoons to Venice. The consternation in the latter at this event was extreme; and had Doria, the Genoese admiral, proceeded at once to the attack of Venice, she might probably have fallen. But, fearing to encounter the despair of his enemies, he endeavoured to weaken them by intercepting their supplies of provisions, and to strengthen himself with reinforcements. So confident were the Genoese of success, that they rejected all overtures for an accommodation; and Doria announced his determination to bridle the horses on the portico of St Mark! But the result disappointed his expectations. Having recovered from their first surprise, the Venetians made extraordinary efforts to secure the city. And such was their success, that, from being the assailant, Doria became the assailed, and was closely shut up in Chiozza. Notwithstanding the most desperate attempts to disengage themselves, the Genoese were in the end compelled to surrender.[1] It is worthy of notice, that

[1] The analogy between the Athenians at Syracuse, and the Genoese at Chiozza, is too striking to require to be pointed out.

at the close of this deadly struggle in 1381, the Venetians, who had taken about 7,200 prisoners, had only 3,364 to give up; nearly 4,000 having died in their pestilential dungeons. The Genoese, on the contrary, gave up almost all the prisoners they had taken.[1] It is difficult, in reading this statement, not to wish that the latter had been successful—that "Doria's menace" had been realised.

Though justly regarded as one of the principal bulwarks of Christendom against the Turks, Venice had to contend, in the early part of the 16th century, against a combination of the European powers. The famous league of Cambray, of which Pope Julius II. was the real author, was formed for the avowed purpose of effecting the entire subjugation of the Venetians, and the partition of their territories. The emperor, and the kings of France and Spain, joined this powerful confederacy. But, owing less to the valour of the Venetians than to dissensions amongst their enemies, the league was speedily dissolved without materially weakening the power of the republic. From that period the policy of Venice was comparatively pacific and cautious. She was early aware of the irreparable injury which the discovery of the passage to India by the Cape of Good Hope was likely to inflict upon the most important branch of her commerce. And, to avert its effect, she did not scruple to concert measures with the Mameluke sultan of Egypt, and to assist him in fitting out a fleet against the Portuguese in India. She soon, however, became sensible that the evil was one to which she must submit; and she became less inclined than ever to engage in doubtful enterprises. But, despite her efforts to keep on good terms with her neighbours, and especially with the Turks, then in the zenith of their power, the latter invaded Cyprus in 1570, and conquered it, after a gallant resistance continued for eleven years. The Venetians had the principal share in the decisive victory gained over the Turks at Lepanto in 1571; but, owing to the discordant views of the confederates, it was not properly followed up, and could not prevent the fall of Cyprus.

[1] Daru, "Histoire de Venese," cap. 10.

The war with the Turks in Candia commenced in 1645, and continued till 1670. The Venetians exerted all their energies in defence of this valuable island; and its acquisition cost the Turks above 200,000 men. The loss of Candia, and the rapid decline of the commerce of the republic, now almost wholly turned into other channels, reduced Venice, at the close of the 17th century, to a state of great exhaustion. She may be said, indeed, to have owed the last 100 years of her existence more to the forbearance and jealousies of others than to any strength of her own. But nothing could avert that fate which she had seen overwhelm so many powerful states. In 1797, the "maiden city" submitted to the yoke of the conqueror; and the last surviving witness of antiquity, stripped of independence, and of the greater portion of her commerce, preserves only an inglorious existence, or is slowly sinking into the waves whence she arose.

Venetian ships of the largest class were denominated galeasses, and were fitted out for the double purpose of war and commerce. Some of them carried fifty pieces of cannon, and crews of 600 men. These vessels were sometimes, also, called argosers, or argosies.[1] They used, as already seen, in the 14th and 15th centuries, to be common in our ports. Sir William Monson mentions, that the last argosie that sailed from Venice for England was lost, with a rich cargo and many passengers, on the coast of the Isle of Wight, in 1587.

In the beginning of the 15th century, the annual value of the goods exported from Venice by sea, exclusive of those exported to the states adjoining her provinces in Lombardy, was estimated, by contemporary writers, at 10,000,000 ducats: the profits of the out and home voyage, including freight, being estimated at 4,000,000 ducats. At the period in question, the Venetian shipping consisted of 3,000 vessels of from 100 to 200 tons burden, carrying 17,000 sailors; 300 ships

[1] "Your mind is tossing on the ocean;
There, where your argosies with portly sail,
Like signiors and rich burghers of the flood,
Do overpeer the petty traffickers."
—*Shakespeare*, "*Merchant of Venice*."

with 8,000 sailors; and 45 gallies of various size, kept afloat by the republic for the protection of her trade, etc., having 11,000 men on board. In the dock-yard a great many labourers were constantly employed.[1] The trade to Syria and Egypt seems to have been conducted principally by ready money; for 500,000 ducats are said to have been annually exported to these countries; 100,000 were sent to England.[2] The vessels of Venice visited every port of the Mediterranean and every coast of Europe; and her maritime commerce was probably, when greatest, not much inferior to that of all the rest of Christendom. So late as 1518, five Venetian galeasses arrived at Antwerp, laden with spices, drugs, silks, etc., for the fair at that city.

The Venetians did not, however, confine themselves to the supply of Europe with the commodities of the East, and to the extension and improvement of navigation. They attempted new arts, and prosecuted them with vigour and success, at a period when they were entirely unknown in other European countries. The glass manufacture of Venice was the first, and for a long time the most celebrated, of any in Europe; and her manufactures of silk, cloth of gold, leather, refined sugar, etc., were deservedly esteemed. The jealousy of the government, and their intolerance of anything like free discussion, was unfavourable to the production of great literary works. Every scholar is, however, aware of the fame which Venice early acquired by the perfection to which she carried the art of printing. The classics that issued from the Aldine presses are still universally and justly admired for their beauty and correctness. The Bank of Venice was established in the 12th century. It was a bank of deposit merely, and was skilfully conducted.

But the policy of government, which was suspicious and jealous in the extreme, though favourable to the introduction and establishment of manufactures, was fatal to their progressive advancement. The importation of foreign manufac-

[1] The native authorities say 16,000: but there can be no doubt that this is a gross exaggeration.

[2] Daru, tome ii. p. 189, etc.

tured commodities into the territories of the republic for domestic consumption, was forbidden under the severest penalties. And the processes to be followed in the production of most articles being regulated by law,[1] the manufacturers, with little to fear from foreign competition, and tied down to a system of routine, had nothing left to stimulate their invention and enterprise. Hence, during last century, the manufactures of Venice were chiefly remarkable as evincing the extraordinary perfection to which they had early arrived, and the absence of all recent improvements. An unexceptionable judge, M. Berthollet, employed by the French government to report on the arts of Venice, observed, "That the industry of the Venetians, like that of the Chinese, had been precocious, but had remained stationary."[2]

M. Daru has given the following extract from an article in the statutes of the State Inquisition, which strikingly displays the character of the Venetian government, and their jealousy of foreigners:—"If any workman or artizan carry his art to a foreign country, to the prejudice of the republic, he shall be ordered to return; if he do not obey, his nearest relations shall be imprisoned, that his regard for them may induce him to come back. If he return, the past shall be forgiven, and employment shall be provided for him in Venice. If, in despite of the imprisonment of his relations, he persevere in his absence, an *emissary shall be employed to despatch him;* and after his death his relations shall be set at liberty!"[3]

The trade of the Mediterranean was not, however, wholly engrossed by Venice and other Italian cities. From an early period Marseilles and Barcelona engaged in it with spirit and success. The latter appears to have a well-founded claim to the honour of having compiled the *Consolato del Mare*, perhaps the earliest of the codes of maritime law promulgated in modern Europe. Some authorities have, indeed, ascribed the *Consolato* to the Pisans. But, on the whole, there can be no reasonable doubt that it was compiled at Barcelona,

[1] Daru, iii. 153. [2] Ibid. p. 161. [3] Ibid. tome iii. p. 150.

probably in the 13th century,[1] though it was not printed till 1502. We may farther observe, that the earliest ordinance relative to insurance that is known to exist was issued by the magistrates of Barcelona in 1435. The earliest Italian law on the subject is nearly a century later, being dated in 1523.[2]

It was not, however, in the great sea-port towns only that the superior industry and enterprise of the Italians were conspicuous. It pervaded all parts of the peninsula. The cities in the interior were as much celebrated for their manufactures as Venice and Genoa for their commerce and navigation. Milan, Verona, and the towns in their vicinity, attained, in the 13th century, to the highest eminence in the preparation of silk and woollen goods. Florence, also, and Lucca, distinguished themselves in the same way; but more, perhaps, by their exchange and banking operations, and the skill with which they carried them on. And though we may reasonably question the accuracy of some of the statements which have come down to us regarding the population and wealth of the principal Italian cities[3] at this epoch, they must obviously have been very great. The splendid cathedrals, palaces, and public buildings of all sorts that were then erected, the patronage of the fine arts, and the numerous forces that were kept on foot, are sufficient evidence of their flourishing condition. The private citizens, too, who were lodged in well built and well furnished houses, lived in a style of considerable comfort and luxury. On this side the Alps all was rusticity and barbarism;

[1] See *post*, Essay on Maritime Law.

[2] We may take this opportunity of stating that the work of Capmany, entitled "*Memorias Historicas sobre la Marina, Comercio, y Artes de Barcelona*," 4 vols. 4to, Madrid, 1779-91, comprises a larger body of important and well-digested information in regard to the early commerce and commercial institutions of Barcelona, and the Mediterranean ports generally, than is elsewhere to be found.

[3] These statements have been collected and condensed, in so far as regards Milan, in the "*Memorie Storiche di Verri sulla Economia Publica di Milano.*"

while, on the other, refinement and the arts had made much progress. In these days, indeed, Italy was as far in advance of the rest of Europe, as England and France are now in advance of Russia.

The family of Medici, who rose to the rank of sovereign princes, and allied themselves with some of the principal potentates of Europe, laid the foundation of their fortune and renown as merchants of Florence. Cosmo de Medici, surnamed the Father of his country, was the most eminent banker and trader of the 15th century. He had houses in most parts of Europe, and in Egypt, and elsewhere. And, to his honour be it stated, his agents were no less assiduous in collecting the treasures of ancient learning and the choicest productions of art, than in attending to the details of business.[1] He founded the Laurentian Library, and many of its most valuable manuscripts were procured at his expense and by his exertions. His wealth, talents, and political connections gave him very considerable influence even in foreign countries; and Edward IV. of England is said to have been in no inconsiderable degree indebted to the pecuniary assistance afforded to him by Cosmo for his success in his struggle with the house of Lancaster. After being at the head of the Florentine republic for about thirty years, this distinguished merchant and statesman died in 1464, amid the universal regrets of his countrymen, and of the learned throughout Europe.

Other cities of Italy were early engaged in the same pecuniary traffic by which Florence was so much enriched. In the beginning of the 13th century the citizens of Asti, an inland city of Piedmont, had acquired great wealth in France, and other countries, chiefly by their dealings in money, and they soon became among the most opulent and enterprising of the Lombard merchants. The citizens of Milan, Placentia, Sienna,

[1] Cosmo de Medici was the father of a line of princes, whose name and age are almost synonymous with the restoration of learning. His credit was ennobled into fame; his riches were dedicated to the service of mankind; he corresponded at once with Cairo and London, and a cargo of Indian spices and Greek books were often imported in the same vessel.—*Gibbon*, "*Decline and Fall*," cap. 66.

and other towns in the north of Italy, subsequently engaged in the same career, and added to their business as manufacturers the trade of bankers and money dealers. The pecuniary affairs of Europe in the 13th, 14th, and 15th centuries were almost entirely in the hands of the Italians and Jews. Companies, or societies of Italian, or, as they were more commonly termed, Lombard merchants, were settled in all the principal towns in the different kingdoms. They were taken under the immediate protection of the several governments. Though often attacked, they enjoyed extensive privileges and immunities. The operation of the ancient barbarous laws concerning strangers was suspended with respect to them. They became the carriers, the manufacturers, and the bankers of Europe.

A number of these merchants established themselves in London as early as the 12th or 13th century. And notwithstanding the many changes and revolutions that have since taken place, the street in which they principally resided, and where they carried on their operations, retains its ancient name of Lombard Street, and continues to be mostly occupied by banking establishments.

The Jews and Lombards were engaged in a traffic which, though highly useful, was generally looked upon as odious and criminal. And being liable to punishment, if detected, they were not satisfied with the more moderate premium which they would have claimed had their trade been open and authorised by law. Having to indemnify themselves not only for the ordinary risks that must always affect the lending of money, but also for the opprobrium and the plunder which they frequently suffered, their charges were increased in proportion, so that the usual rate of interest in those days was what we should now call most exorbitant and scandalous usury.[1] The prejudice against them was so very strong, that in 1283 the Commons granted the fiftieth part of their moveable property to Edward I., on condition of his expelling the Italians from the kingdom. They were, however, soon after recalled: though, despite the protection given them by

[1] See Essay on Interest, *passim*.

government, they continued to be exposed to many vexatious annoyances.

The latter part of the 15th century, before the discovery of the route to India by the Cape of Good Hope, and while the ability and moderation of Lorenzo de Medici, the grandson of Cosmo, combined to allay the animosities of the different states, and enabled them to develop their energies during a peace of considerable duration, is probably the most brilliant period in modern Italian history. It may be compared to the age of the Antonines in antiquity, and was prosperous beyond any other that Italy had experienced during the previous thousand years. It is to this season of tranquillity that Guicciardini so strikingly adverts, in the commencement of his history, "When," says he, "the whole extent of that fertile and beautiful country was cultivated, not only through its wide plains and fruitful valleys, but even amidst its most sterile and mountainous regions; and under no control but that of its native nobility and rulers, exulted not only in the number and riches of its inhabitants, but in the magnificence of its princes, in the splendour of many superb and noble cities, and in the residence and majesty of religion itself. Abounding with men eminent in the administration of public affairs, skilled in every honourable science, and every useful art, it stood high in the estimation of foreign nations. Which extraordinary felicity, acquired at many different opportunities, several circumstances contributed to preserve; but among the rest no small share of it was, by general consent, ascribed to the industry and the virtue of Lorenzo de Medici; a citizen who rose so far beyond the mediocrity of a private station, that he regulated by his counsels the affairs of Florence, then more important by its situation, by the genius of its inhabitants, and the magnitude of its resources, than by the extent of its dominions; and who having obtained the implicit confidence of the Roman Pontiff, Innocent VIII., rendered his name great, and his authority important in the affairs of Italy. Convinced of the perils that might arise both to the Florentine republic and to himself, if any of the more powerful states should be allowed

to extend their dominions, he used every exertion that the affairs of Italy might be so balanced that there should be no inclination in favour of any particular state; a circumstance which could not take place without the permanent establishment of peace, and the minutest attention to every event however trivial it might appear."[1]

This period of prosperity terminated with the death of Lorenzo in 1497; and in 1530 the republican government of Florence was finally subverted. The fall of the free governments that had been established in other parts of the country, Venice only excepted, either preceded, or very soon followed, the fall of the Florentine republic. And had Italy been fortunate enough to be then consolidated into a single monarchy, she would have been fully compensated for the loss of political independence. According as local hatreds and party animosities subsided, the nation would have become animated with the same spirit, and would have been able to defend itself against foreign aggression. And the probability is, that in the course of time the people would have acquired power sufficient to soften the rigour of a despotical or military government, and to recover, along with an infinitely greater degree of security, the most valuable portion of their former rights and privileges. But the subversion of the Italian republics was attended by no such result. Instead of being reduced under one, the country was divided among a host of petty despots and despotical aristocracies. Nor was there any possibility of remedying this evil; for Austria, having obtained possession of the Milanese and Tuscany, no native government could acquire an ascendancy; so that the disastrous feuds and divisions which led to the ruin of the republics, were perpetuated.

It would be an irksome and a useless task to endeavour to describe the various effects of which this state of affairs has been productive. Down to a late period the Italians ceased to exercise any perceptible influence over the delibera-

[1] We quote the translation given by Roscoe, in his "Life of Lorenzo de Medici," p. 235. ed. 1846.

tions of their multitudinous rulers. Parcelled out among foreign sovereigns, or sovereigns descended from foreigners, what interest could they feel in the contests of the Bourbons of Parma and Naples, the Austrians of Milan and Mantua, and the Lorrains of Tuscany? They were not only deprived of their ancient liberties, but the constant state of vassalage in which their petty sovereigns were themselves held by the great Transalpine powers, prevented their acting in conformity either to the wishes or the interests of their subjects. The national spirit was thus gradually destroyed. The Italians either ceased to have or to express an opinion on public affairs. They endeavoured to forget the stormy discussions in which they had been engaged, by plunging into the depths of sensuality; and from being the most intelligent and industrious people of Europe, sunk into a state of indolence and apathy. "The victim by turns of selfish and sanguinary factions, of petty tyrants, and of foreign invaders, Italy has fallen like a star from its place in heaven; she has seen her harvests trodden down by the horses of the stranger, and the blood of her children wasted in quarrels not their own; conquering or conquered, in the indignant language of her poet (Filicaja), still alike a slave; a long retribution for the tyranny of Rome."[1]

SECT. V.—VASCO DE GAMA AND COLUMBUS.

The voyages of the Genoese and Venetians to France and Great Britain, and the vast improvement which the art of steering by the compass had introduced into navigation, prepared the way for the extraordinary discoveries which will for ever distinguish the close of the 15th century. From about the year 1400, the Portuguese were engaged in a series of exploratory voyages along the west coast of Africa, principally in the view of ascertaining whether it were not possible to

[1] Hallam's "Middle Ages," i. 358.

reach India by that route. And at length this grand object was achieved by the famous Admiral Vasco de Gama, who, having doubled the southern extremity of Africa in November 1497, arrived, after a prosperous voyage, at the port of Calicut, on the Malabar coast. It would not be easy to exaggerate the importance of this discovery. It dispelled the notions that had come down from antiquity, with respect to the uninhabitable nature of the Torrid Zone; and it opened a new route for the intercourse between Europe and the East. Egypt ceased to be the centre of the commercial world. And Lisbon, Amsterdam, and other ports on the Atlantic, became the entrepôts of the trade which had been so long engrossed by Venice, Genoa, and other Italian cities. Few revolutions have been more complete. But, as previously seen, another great change is now going on, and the trade with the East is once more reverting to the channels from which it was diverted by the voyage of De Gama.

The discovery of America took place nearly at the same time with the discovery of the route to the East by the Cape of Good Hope. This unparalleled achievement was the result of the genius and enterprise of Christopher Columbus or Colon, a citizen of the Genoese republic.[1] Having been brought up to the sea, being also well versed in geometry and astronomy, and of a thoughtful and determined character, Columbus was well fitted to make discoveries. A residence of some length in Lisbon, made him acquainted with the views and proceedings of the Portuguese navigators. And as the route to India by Africa was already occupied, he formed the bold and novel project of attempting to reach it by sailing directly westward. Having convinced himself of the practicability of this plan, he communicated it to the rulers of his native state, craving their assistance to enable him to carry it into effect. Being rejected by them, he appealed with no better success to the courts of Lisbon and London. At length, after a tedious and protracted suit, Queen Isabella of Castile interested herself in the fortunes and schemes of Columbus,

[1] Born in 1441.

She gave him the title of Admiral, and supplied him with money, raised by pledging her jewels, to fit out a small flotilla. He set sail from the port of Palos, in Andalusia, on the 3d of August 1492. And after a voyage, the most magnificent in its design, the most difficult in its execution, and the most stupendous in its results, of any that have ever been undertaken, the New World was discovered on the 12th of October 1492.[1]

Columbus returned to Europe in about seven months from the time he had set out on his arduous undertaking. And though none could then foresee a hundredth part of the consequences of his great discovery, it struck the whole world with astonishment, and gave a vast impulse to the spirit of adventure and enterprise. This was especially manifested in Spain. Its government did little towards the subjugation of Mexico, Peru, and its other dominions in the New World. But its neglect or indifference was amply compensated by the zeal and energy of individuals; and in about fifty years from the period when Columbus set out from Palos the greater portion of America, from the northern frontier of Mexico to the southern frontier of Chili, was occupied by Spaniards, and willingly acknowledged the supremacy of the Spanish crown.

But notwithstanding the splendour of the discoveries made by Vasco de Gama and Columbus, philosophers and moralists have not been wanting who have doubted whether they have been beneficial to the human race. The flimsy paradoxes of Rousseau and Raynal may be dismissed without notice; but their prejudices have been entertained by writers of a very different cast. "What mankind," says Dr Johnson, "has lost and gained by the genius and designs of Prince Henry[2] of Portugal, it would be long to compare, and very difficult

[1] Robertson has given an admirable account of this famous voyage in the History of America, Book ii. Burke has noticed it in the most masterly manner, in his account of the European Settlements in America, vol. i. cap. 1. And it has exercised the pens of Irving and a host of others.

[2] One of the earliest and most efficient promoters of Portuguese discovery.

to estimate. Much knowledge has been acquired, and much cruelty been committed; the belief of religion has been very little propagated, and its laws have been outrageously and enormously violated. The Europeans have scarcely visited any coast but to gratify avarice and extend corruption; to arrogate dominion without right, and practise cruelty without incentive. Happy had it been for the oppressed, that the designs of De Gama and Columbus had slept in their bosoms; and surely more happy for the oppressors. But there is reason to hope that out of so much evil good may sometimes be produced; and that the light of the Gospel will at last illuminate the sands of Africa, and the deserts of America." And elsewhere he says, "Columbus was under the necessity of travelling from court to court, scorned and repulsed as a wild projector, an idle promiser of kingdoms in the clouds; nor has any part of the world yet had reason to rejoice that he found at last reception and employment."[1]

But although the conduct of the Spaniards, and other Europeans, in America and elsewhere, has been in many respects objectionable, still there can be no reasonable doubt that mankind have gained immeasurably by the discoveries in question. It has been said, indeed, that the settlements in the New World and in Australia are founded on injustice, and that we had no right, other than that of being the stronger party, to take possession of these countries, and subdue, or exterminate their inhabitants. And we concede that it may sometimes be not a little difficult to decide in how far civilised and powerful nations may be justified in subjugating and coercing those which are less advanced than themselves. But, from the remotest antiquity down to the present times, the former have never scrupled to subject the latter to their authority, and, if necessary, to dispossess them of their territories. And every unprejudiced individual, in any degree acquainted with history, must admit, looking at it in a practical point of view, that this conduct has been of inestimable advantage. A salutiferous and fertilising stream cannot,

[1] Taxation no Tyranny.

however, have its source in impure and poisonous fountains; nor can proceedings which have prevailed in all ages, and which have done more than anything else to increase population and diffuse civilisation and the arts, be truly said to be unjustifiable, or inconsistent with the beneficent arrangements of Providence. Great political questions of this sort are not to be decided by *à priori* reasonings, or the dogmatism of schoolmen and divines, but by carefully attending to and weighing their results.

"Ipsa utilitas justi prope mater et æqui."

It is true that cultivated nations, in dealing with their inferiors, have not unfrequently abused their greater power and intelligence. But while we admit and regret the fact, it is no less true that, but for their dictating to, and appropriating the possessions of others, more than half the civilised world would at this moment have been immersed in the grossest barbarism. Those who may be disposed to question this statement, have only to compare the America discovered by Columbus with the America of the present day. At the former period, the far greater part of that immense continent was occupied by the scanty population of savage tribes, ignorant of almost every useful art; making war on each other with a deadly and implacable ferocity; subsisting on the precarious produce of the chace; and often involved in the most dreadful privations. It would be a libel on Providence to suppose that it was intended that this state of things should be perpetual, that these vast and fruitful regions should be occupied only by hunters and wild[1] animals. And as the red man could effect no great object—as he could neither replenish the land, nor exercise dominion over it, his subjugation, if not his extermination, was indispensable to enable the foundations of a better order of things to be laid;[2] and would, therefore, appear to be consonant to enlarged and just views of benevolence, as well as to expediency.[3]

[1] We may truly say *wild*, for the horse, the ox, the sheep, and the hog have all been carried to America. [2] Vattel, § 209.

[3] It has sometimes been attempted to acquire an indisputable title to lands in America and elsewhere by purchasing them from the natives.

Even in Mexico and Peru, where some advances had been made in civilisation, the condition of the population was abject and wretched in the extreme. In the former, crowds of slaves were sacrificed at the obsequies of every important personage. And at their great religious and state festivals, there was a wholesale butchery to the extent of thousands, not merely of captives taken in war, but of innumerable victims drawn from the conquered provinces, and from all classes of the community. However we may blame the cruelty by which it was accompanied, it is impossible not to rejoice at the destruction of so sanguinary and atrocious a system.[1] The superstition of the Peruvians was of a less bloody and diabolical character than that of the Mexicans. But even among them it was not unusual to slaughter children as a propitiatory sacrifice for the health of a sick Inca; and at his death, a number of his attendants and favourite concubines, amounting sometimes it is said to a thousand or upwards, were immolated on his tomb.[2]

The invasion of the Spaniards swept over these miserable countries like the irruption of an Attila, or the course of a hurricane, involving the despots and the priests, with their sacrifices and their dupes, in one universal ruin. But dreadful as this visitation was, its destructive effects were not of an

But no just title can be obtained in this way unless both parties be fully aware of what they are about; and this is never the case with the parties to the transactions in question. When the Indians of America or of the islands in the Pacific Ocean engage to exchange large tracts of land for a few gallons of rum or pounds of tobacco, they have no clear idea of what they are pledging themselves to give away. In fact, they are in great measure strangers to the right of property in land. The whites are fully aware of this; and the transaction is, on their part, a mere fraud; a pettifogging trick by which they hope to gloss over proceedings which they believe to be unjustifiable.

[1] Prescott's "Mexico," i. pp. 57, 65, 491, etc., ed. 1849. The Mexicans were in so far cannibals that they devoured the flesh of the human victims offered in sacrifice. And it really matters little (though Mr Prescott be of a different opinion) whether they did this to gratify a brutish appetite or in obedience to their religion.

[2] Prescott's "Peru," i. p. 30, ed. 1848.

enduring character. It was not, like the bloody and barbarous superstition which it subverted, fitted to perpetuate itself by debasing its victims. And though their religion, and the vicious system of colonial policy adopted by the Spaniards, have done much to retard the progress of the countries which they overran, they have attained to a respectable degree of population and civilisation.

It may be said, perhaps, that this desirable change might have been effected by less violent means, by the instruction and kindly treatment of the Indians; and it were much to be wished that this had been the case. But, unhappily, there does not appear to be any good ground for entertaining such an opinion. The attempts that have been made to civilise and improve the Indians, have proved complete failures. So long as they are treated like children, as was the case with those in Paraguay during the lengthened ascendancy of the Jesuits, their progress seems to be perfectly satisfactory. But the moment they are left to themselves, the factitious nature of their improvement becomes evident, and they speedily relapse into their original barbarism. All experience shows that the red man is incapable of making any considerable progress in civilisation. Most probably, indeed, this is the case with all savage tribes. With the single and very questionable exception of the Maorians of New Zealand, none of them have had sagacity to profit by the example of the civilised races with whom they have come into contact. Their barbarism would seem to be inherent in their nature, and uneradicable. And supposing such to be really the case, to complain of their extinction is hardly more reasonable than it would be to complain of the drainage of marshes, or the disappearance of wild animals.

But in deciding this great question, we must not refer to the case of Spanish America only. Let us turn our eyes from Mexico and Peru to the United States. Who will presume to say that the interests of humanity have not gained incalculably by the settlement of this great republic? Here, where, not more than two hundred and fifty years ago, a few

half-starved hunters were the only inhabitants, large cities are built, filled with an enterprising, an intelligent, and a wealthy population; canals and railways unite the most distant portions of the Union; agriculture and its subsidiary arts have been widely spread over what were formerly impenetrable thickets; manufactures on a large scale are everywhere established and vigorously prosecuted; gigantic rivers that were crossed only by some wandering savage in his rude canoe, are covered with ships laden with the produce of every country and every climate; education is universally diffused; and a moderate and liberal government secures alike the independence of the nation and the rights of the citizens. And besides the direct gain to humanity by the introduction of religion, literature, science, and arts, into the huge wilderness of America, her settlement has conferred inestimable advantages on Europe, and especially on England, by the infinite variety of new and desirable products she has supplied to stimulate and reward the industry and invention of our manufacturers and merchants; and by the all but unlimited field she has afforded for the profitable employment of the idle, the discontented, and the rejected population of the old world. To these America has been "a city of refuge." The hosts of paupers and outcasts who have fled, or been driven, to her hospitable shores, have mostly risen from poverty to affluence; and have become industrious and deserving citizens of free and flourishing communities. It will ever be the boast of England, that she was the *magna virum mater*, that she formed and bred the men who established this vast transatlantic empire. And it has been truly said, that she is more illustrious in having done this than in her many triumphs in arts and arms, great and unequalled as these have been.

The following extract from Locke's "History of Voyages and Travels," is worthy of attention. That great philosopher had no doubts in regard to the signal advantages conferred on mankind by the discovery of America, and of the route to India by the Cape of Good Hope.—"After so long a discourse of voyages and discoveries, it may seem superfluous to treat of the advantages the public receives by navigation, and the

faithful journals and accounts of travellers. The matter is natural; and no man can read the one without being sensible of the other; and therefore a few words may suffice on this subject, to avoid cloying the judicious reader with what is so visible and plain, and to save running out this introduction to an unreasonable length. What was cosmography, before these discoveries, but an imperfect fragment of science, scarce deserving so good a name? when all the known world was only Europe, a small part of Africa, and the lesser portion of Asia; so that of this terraqueous globe not one-sixth part had ever been seen or heard of. Nay, so great was the ignorance of man in this particular, that learned persons made a doubt of its being round; others, no less knowing, imagined all they were not acquainted with desert and uninhabitable. But now geography and hydrography have received some perfection by the pains of so many mariners and travellers, who, to evince the rotundity of the earth and water, have sailed and travelled round it, as has been here made appear, to show there is no part uninhabitable, unless the frozen polar regions; have visited all other countries, though never so remote, which they have found well peopled, and most of them rich and delightful; and to demonstrate the *antipodes*, have pointed them out to us. Astronomy has received the addition of many constellations never seen before; natural and moral history is embellished with the most beneficial increase of so many thousands of plants it had never before received; so many drugs and spices; such variety of beasts, birds, and fishes; such varieties in minerals, mountains, and waters; such unaccountable diversity of climates and men, and in them of complexions, tempers, habits, manners, politics, and religions. Trade is raised to the highest pitch, each part of the world supplying the other with what it wants, and bringing home what is accounted most precious and valuable; and this not in a niggard and scanty manner, as when the Venetians served all Europe with spice and drugs from India by the way of Turkey and the Red Sea; or as when gold and silver were only drawn from some poor European and African mines; but with plenty and affluence, as we now see most nations resorting freely to the

East Indies and the West yearly, sending forth prodigious quantities of the most esteemed and valuable metals. To conclude, the empire of Europe is now extended to the utmost bounds of the earth, where several of its nations have conquests and colonies. These, and many more, are the advantages drawn from the labours of those who expose themselves to the dangers of the vast ocean, and of unknown nations, which those who sit still at home abundantly reap in every kind: and the relation of one traveller is an incentive to stir up another to imitate him, whilst the rest of mankind, in their accounts, without stirring a foot, compass the earth and seas, visit all countries, and converse with all nations."

AN ESSAY

ON THE

RISE, PROGRESS, AND DECLINE

OF

COMMERCE IN HOLLAND.

The history of Holland, or the Seven United Provinces, evinces in the most striking manner the wonderful influence of a well-directed spirit of industry and economy, at the same time that it shows the means by which that spirit may be most effectually called forth. The Hollanders, though placed apparently under circumstances the most unfavourable for the accumulation of wealth, overcame with matchless perseverance one difficulty after another, until they rendered their country the centre of European commerce, their traffickers the "honourable of the earth," and diffused opulence, and a taste for conveniences and enjoyments, among the lowest orders of the people. There is no nation whose career has been more extraordinary. And there is none whose history deserves so much to be studied by all who wish to become acquainted with those circumstances which elevate nations to a high pitch of commercial prosperity, and with those, also, which sap the foundations of their power, and sink them to a lower level. For these reasons, we beg briefly to call the attention of the reader to a few remarks on what seem to have been the more prominent causes of the rise and progress of commerce in Holland, and of its subsequent decline.

Occupying a sandy, marshy, and unfruitful country, liable to be overflowed by the large rivers which intersect it, and to be laid waste by the more violent irruptions of the ocean, the Hollanders were obliged to guard against inundations, by constructing vast artificial mounds along the banks of the rivers and the sea-coast, and to seek in fishing and navigation for that support which they could not derive from agriculture. The *duris urgens in rebus egestas* whetted their ingenuity, and gave them courage to undertake, and patience to overcome, the most formidable enterprises. They could not subsist without drawing a portion of their supplies from foreigners, so that commerce was to them not a matter of choice, but of necessity. Cæsar describes the Batavians as addicted to a seafaring life, and deriving a part of their subsistence from the fishery. The earliest accounts transmitted to us by modern chroniclers and historians represent them as engaged in naval enterprises, and possessing numerous fleets. The foundations of the Hanseatic League were laid in the 12th and 13th centuries, and several of the towns of Holland were amongst its oldest members. In 1477, Philip of Burgundy wrote to the Pope, that "Holland and Zealand were rich islands, inhabited by a brave and warlike people, who have never been conquered by their neighbours, and who prosecute their commerce on every sea."[1] The discovery of the mode of curing and barrelling herring, by an obscure individual of the name of Beukels, or Beukelzon, towards the middle of the 14th century, contributed more, perhaps, than anything else, to increase the maritime power and wealth of Holland. At a period when the prohibition of eating butchers' meat during two days every week, and forty days before Easter, was universal, a supply of some sort of subsidiary food was urgently required; so that the discovery of Beukels was of the greatest consequence, not to his countrymen only, but to the Christian world. It should be mentioned, to the honour of the emperor Charles V., that being, in 1550, at Biervliet, where Beukels is buried, he visited his grave, and ordered a magnificent

[1] Richesse de la Hollande, i. 26.

monument to be erected, to record the memory of a man who had rendered so signal a service to his country.

For a long period, the Hollanders enjoyed nearly a complete monopoly of the herring-fishery. They carried it on not only in the bays and inlets of their own country, but along the British coasts, from the Shetland and Orkney Islands to the mouth of the Thames. Their sense of its importance was shown by the saying in common use amongst them, that "The foundations of Amsterdam were laid on herring bones."[1]

But they were, if possible, still more indebted to the whale-fishery, which they prosecuted to an extent, and with a degree of success, that completely distanced all their competitors. This fishery, when in its most flourishing condition, was principally carried on in the seas and bays round Spitzbergen. And there the Hollanders constructed the village of Smeerenberg,[2] where they boiled the blubber, and prepared the oil and the bone. The destruction of the whales, and the retreat of those who survived to the open seas, and then to the coasts of Greenland and Davis' Straits, put an end to the establishment at Smeerenberg, and with it terminated the golden age of the whale-fishery.[3]

It would lead us into too wide a field, were we to enter into any lengthened details with respect to the circumstances which occasioned the revolt and independence of the United Pro-

[1] But, despite its extent and importance, the magnitude of the Dutch herring-fishery has been grossly exaggerated. According to the statements in the treatise on "Trade and Commerce" (Birch's edition, ii. 130), ascribed to Sir Walter Raleigh, and in the "True Interest of Holland," (Eng. Trans. p. 24), it would appear as if more than a half of the full-grown male inhabitants of Holland had been engaged in the herring trade! And yet these statements, which carry absurdity on their face, have been copied over and over again by writers of authority, as if their accuracy could not be questioned. We may observe that the "True Interest of Holland," now referred to, was not written, as is commonly supposed, by the eminent statesman, John de Witt, but by his friend, M. Delacourt. It originally appeared in 1667.—See *Literature of Political Economy*, p. 353.

[2] From *smeeren*, to melt, and *berg*, a mountain.

[3] Bernard de Reste, "Histoire des Pêches," i. pp. 39-61.

vinces. It is sufficient for our purpose to observe, that the government of Holland, during the period when she began to be distinguished as a naval power, was essentially free. The Earls, or Counts, of Holland, like those of Flanders, enjoyed a comparatively limited authority. Hemmed in on all sides by powerful neighbours, and engaged in frequent contests with each other, they were perpetually under the necessity of applying to their subjects for supplies. In consequence, the nobility, clergy, and above all the corporate bodies established in the different towns, acquired a large share of authority. The supreme government was vested in an assembly of the states, which met as often as it thought proper, and without whose consent no taxes could be imposed, wars entered into, or treaties either of peace or alliance concluded. The prerogatives of the earls were, indeed, more like those enjoyed by the elective chief magistrates of republican governments than those that usually belong to hereditary sovereigns.

This free system of government, the security thence resulting, and the scope which it gave to the exercise of talent and industry, was no doubt the principal circumstance that so early rendered Flanders one of the richest, best cultivated, and most commercial countries of Europe, and which enabled the Hollanders to surmount all the difficulties incident to their situation. A striking proof of the enlightened and constitutional policy of the Flemish government, occurs so far back as the reign of Edward I. of England. That monarch, in a letter addressed to Robert, Earl of Flanders, states that he had learned that an active intercourse was carried on between the Scotch and the Flemings; and as the Scotch had taken part with Robert Bruce, who was in rebellion against him, and excommunicated by the Pope, he begged that the earl would put a stop to this intercourse, and exclude the Scotch from his dominions. The earl returned an answer full of expressions of respect for Edward, adding, however, "We must not conceal it from your majesty, that our country of Flanders is common to all the world, where every person finds a free admission. Nor can we take away this privilege from persons concerned in commerce, without bringing ruin and destruction

upon our country. If the Scotch go to our ports, and our subjects go to theirs, it is neither the intention of ourselves nor our subjects to encourage them in their error, but only to carry on our traffic, without taking any part with them." [1]

The provinces continued for several ages under the moderate and constitutional government of their native princes, till, by the extinction of the male line in some families, by marriage, conquest, and other casualties, they fell under the dominion of the House of Burgundy. But, notwithstanding the increased power of their new sovereigns, they continued to enjoy their ancient privileges, and were governed according to the laws enacted by their representatives. The taxes and other public burdens, were indeed considerably augmented. But as their commerce and opulence increased in a still greater ratio, this burden was submitted to, if not without reluctance, without any disturbance.

In 1477, the sovereignty of the Low Countries passed from the House of Burgundy to that of Hapsburgh, by the marriage of the only daughter of Charles the Bold, the last Duke of Burgundy, to Maximilian, afterwards Emperor of Germany. Charles V., the grandson of Maximilian, was born in the Low Countries, and entertained a kindly feeling towards the people. He treated them with regard, respected their privileges, and though, on a few occasions, he stretched his prerogative to an unconstitutional length, little opposition was made to his government. But it was far otherwise with his son and successor, Philip II. The Reformation having made a considerable progress in the Netherlands, this gloomy and unrelenting bigot, in the view of arresting its progress, established tribunals equivalent to the Inquisition, and subjected every one accused of heresy to the most barbarous punishments. The command of a large army, quartered in the Provinces, and composed principally of Spanish and Italian troops, was entrusted to the famous Ferdinand de Toledo, Duke of Alva, whose bigotry and ferocity were nowise inferior to Philip's. Alva's object was twofold, to extirpate

[1] Rymer's "Fœdera," iii. 771.

every vestige of the Reformed religion, and by trampling under foot the civil rights of the people, to render the government as despotical as that of Castile. But, in endeavouring to accomplish these objects, his cruelties excited a spirit of resistance, which all the power of Spain was unable to overcome. In Flanders, indeed, the Spaniards succeeded; but Holland and the Northern provinces achieved their independence. No contest was ever engaged in with means apparently so unequal. The Spanish monarchy was then, beyond all question, the most powerful in Europe. Its resources seemed equal to the greatest undertakings; its troops were brave, numerous, and well appointed; and in Alva, Farnese, and Spinola, it could boast of generals that would have done honour to any age. To so mighty a power the Hollanders, few in number, had nothing to oppose but their hatred of tyranny, their invincible courage and constancy, the advantages derived from the peculiar situation of their country, and the talents of William I., Prince of Orange, and his successor Maurice.[1] Luckily, however, these proved sufficient. This great struggle was prolonged for above half a century; and whether we consider its duration, the sacrifices and efforts of the weaker party, or the advantages resulting from their success, it may be safely affirmed to have no parallel in the history of the world.

By an unlooked-for train of consequences, the contest with the Spaniards, instead of being injurious to the commerce of Holland, was a principal cause of its increase. Bruges had been at one time the greatest trading city in the Low

[1] The antiquity of the houses of Bourbon, Hapsburgh, and Brunswick, is perhaps equal to that of the house of Orange, and they are greatly superior to it in the magnitude of their dominions; but in every other respect they are its inferiors. To have been the principal instruments in rescuing Holland from the despotism of Old Spain, and in the deliverance of England from the tyranny of the Stuarts, is the peculiar distinction of the princes of the house of Orange, and reflects more true glory upon them than they could have derived from the most extensive conquests. There is no single family to whom the civilised world is so largely indebted.

Countries, having formed the centre of the communication carried on by sea between the southern and northern parts of Europe.[1] But owing to some severities exercised on it by the Emperor Frederick III., in consequence of the citizens having imprisoned his son Maximilian, to whose marriage with the heiress of the House of Burgundy we have alluded, the commerce carried on at Bruges was gradually removed to Antwerp. In consequence principally of this circumstance, but partly also of its advantageous situation, the trade of Antwerp was rapidly augmented; and it had become, at the breaking out of the troubles, one of the richest and greatest commercial cities of Europe. Ludovico Guicciardini has given, in his description of the Low Countries,[2] an interesting account of Antwerp in 1560, when it had attained the acme of its prosperity, and of the commerce carried on by its merchants. Though too long to copy, this account contains a few particulars which may be worth mentioning. Armuyden, in the island of Walcheren, was the place of rendezvous for the shipping of Antwerp; and in it, Guicciardini says, 500 large ships had been lying at one time, bound to, or newly returned from, distant parts of the world. He adds, that it was no uncommon thing for 500 ships of all sizes to go and come in a single day; that 10,000 carts were employed in conveying merchandise to and from the neighbouring countries, besides hundreds of waggons daily coming and going with passengers; and 500 coaches used by people of distinction. In his enumeration of the different trades, Guicciardini reckons 92 fishmongers, 78 butchers, and 124 goldsmiths, who at that time acted as bankers, or rather exchangers of money. The houses were computed to amount to 13,500, and the inhabitants to about 100,000. Few only of the ships frequenting the port of Antwerp belonged to its citizens, its oversea trade being principally carried on by the ships of foreign nations. Many of its merchants were possessed of immense fortunes.

[1] See Essay on the History of the Hanseatic League.

[2] Descrizzione di Paesi Basse. Antwerp, 1567, fol°.

Its siege and capture by the Spaniards, under Farnese, in 1585, proved fatal to the trade of this great emporium. The terms obtained by the citizens were indeed comparatively favourable. But their aversion to the Spanish government being insurmountable, they lost no time in removing themselves, their commerce, and effects, to Amsterdam, Middleburgh, and other cities, where they hoped to enjoy that security and freedom which they could not look for under their conquerors. To lessen the importance of a place which had fallen into the hands of their enemies, the Hollanders built forts on the Scheldt, to intercept such ships as might attempt to get to Antwerp; and at length resorted to the device of rendering the river unnavigable, by sinking vessels loaded with stones in its channel. The commerce, which had enriched the Netherlands, was thus wholly transferred to Holland, and brought with it an accession of wealth and power, which had a material influence over the fate of the war.

Among the various branches of commerce which Antwerp enjoyed, one of the most valuable was carried on with the Portuguese, who supplied her warehouses with the spices and other productions of India. These were chiefly bought by the Dutch merchants, who conveyed them to England, and the countries bordering on the Baltic, or carried them up the great rivers into the interior of Germany. Philip II. having, in 1580, made himself master of Portugal, one of his first measures was to put a stop, in as far as possible, to the intercourse between Lisbon and his rebellious subjects in the Low Countries. But the Hollanders having participated in the advantages of the trade in Indian commodities, since they could no longer obtain them at second hand, resolved to procure them direct from the places of their growth. At first they endeavoured to effect their object by a north-east passage; but this proving unsuccessful, they determined on attempting the passage by the Cape of Good Hope. Houtman, a Hollander who had been in the Portuguese service in India, commanded the first fleet of Dutch ships that appeared in the Indian ocean, in 1594. In a mercantile point of view, this adventure was not very successful; but it was immedi-

ately followed by others that were eminently so. The Portuguese, whose martial ardour had abated during a long period of peace, detested by the natives for their bad faith, rapacity, and intolerance, and little anxious about preserving the dominion of India for the Spaniards, whose subjects they had become, opposed no effectual resistance to the encroachments of the Dutch. The English also having appeared about the same time in the eastern seas, the Portuguese empire, attacked by both, was subverted in even less time than it had been raised. And Philip II. had the mortification to behold the most valuable branches of the commerce of the Peninsula pass into the hands of those whom his persecutions and atrocities had rendered his implacable enemies.

In 1602, the Dutch East India Company was formed; and notwithstanding its pernicious influence, the Indian trade increased rapidly in magnitude and importance. Ships fitted both for commercial and warlike purposes, and having a considerable number of soldiers on board, were sent out within a few years of the Company's establishment. Amboyna and the Moluccas were first wrested from the Portuguese, and with them the Dutch obtained the monopoly of the spice trade. Factories and fortifications were in no long time established from Bussorah at the mouth of the Tigris, in the Persian Gulph, along the coasts and islands of India as far as Japan. Alliances were formed with several of the native princes; and in many parts, particularly on the coasts of Ceylon, and in various districts of Malabar and Coromandel, the Dutch were themselves the sovereigns. Batavia, in the large and fertile island of Java, the greater part of which they had conquered, formed the centre of their Indian commerce. Though unhealthy, its port was excellent, and it was admirably situated for commanding the trade of the Eastern Archipelago. In 1651, they planted a colony at the Cape of Good Hope, which had been strangely neglected by the Portuguese.

Every branch of commerce was vigorously prosecuted by the Dutch. But that carried on with the Baltic was the most extensive and important. Guicciardini mentions that

their trade with Poland, Denmark, Prussia, etc., even before the revolutionary struggle, was so great, that fleets of 300 ships arrived twice a-year at Amsterdam from Dantzic and Livonia only; and it was largely increased during the latter part of the 16th and the beginning of the 17th centuries. The dense population of Holland, and the limited extent and unfruitful nature of the soil, render the inhabitants dependent on foreigners for the greater part of their supplies of corn. And these have always been principally furnished by the countries round the Baltic; they also have supplied the timber, iron, hemp and flax, pitch and tar, tallow, ashes, and other bulky articles required in the building of houses and ships, and in various manufactures.

Nothing redounds more to the credit of the Dutch, than their policy with respect to the corn trade. They had at all times a large capital embarked in it. And the variations which are perpetually occurring in the harvests, early led them to engage very extensively in speculative enterprises. When the crops were unusually productive, and prices low, they bought and stored up large quantities of grain, in the expectation of profiting by the advance that was sure to take place on the occurrence of an unfavourable season. Repeated efforts were made in periods when prices were rising, or high, to prevail on the government to prohibit exportation; but they invariably refused to interfere. In consequence of this enlightened policy, Holland was long the most important *entrepôt* for corn; and her markets were on all occasions furnished with abundant supplies. Those scarcities which are so very disastrous in countries without commerce, or where the trade in corn is restricted, were not known in Holland, except as being a copious source of wealth to her merchants, who then found an advantageous vent for the stocks accumulated in their warehouses. "Amsterdam," said Sir Walter Raleigh,[1] "is never without 700,000 quarters of corn, none of it the growth

[1] "Observations touching Trade and Commerce with the Hollander." *Miscel. Works*, vol. ii. p. 117, Birch's ed.

of the country. A dearth of only one year in any other part of Europe, enriches Holland for seven years. In the course of a year and a half, during a scarcity in England, there were carried away from the ports of Southampton, Bristol, and Exeter alone, nearly £200,000; and if London and the rest of England be included, above £2,000,000 must have been carried away."

The well-informed author of the "Richesse de la Hollande," published in 1778, observes, in allusion to these circumstances, "Que la disette de grains regne dans les quatre parties du monde; vous trouverez du froment, du seigle, et d'autres grains à Amsterdam; ils n'y manquent jamais." [1]

The Bank of Amsterdam was founded in 1609. It was principally intended to obviate the inconvenience and uncertainty arising from the circulation of the coins imported into Amsterdam from all parts of the world. The merchants who carried coin or bullion to the Bank obtained credit for an equal value in its books; this was called bank-money: and all considerable payments were effected by writing it off from the account of one individual to that of another. This establishment continued to flourish till the invasion of the French in 1795.

In 1621, the Dutch formed a West India Company. Within the short period of fifteen years this association conquered the greater part of Brazil, fitted out 800 trading and warlike ships, at a vast expense, and captured from the Spaniards and Portuguese 545 ships which were supposed to be worth ninety millions florins.[2] But the success of the Company's warlike enterprises by sea proved their ruin. In their ardour to prosecute them, they neither completed the conquest of Brazil, nor put the provinces which they had conquered into a posture of defence. In 1640, the Portuguese shook off the Spanish yoke; and soon after set about making preparations to recover the valuable possessions they had lost in Brazil. Prince Maurice of Nassau, who had been captain-general in South America, having been imprudently recalled

[1] Tome i. p. 376. [2] Commerce de la Hollande, tom. i. p. 212.

in 1644, the administration fell into incompetent hands. The Portuguese took advantage of this circumstance; and the Dutch being vigorously attacked, and not properly supported from home, were compelled finally to abandon the country in 1654. This circumstance occasioned the fall of the Company, which was abolished in 1674; when a new one, whose career was hardly more prosperous, but whose privileges were much less extensive, was established on its ruins.

Between the years 1651 and 1672, when the republic was invaded by the French, the commerce of Holland seems to have reached its greatest height. The author of the "True Interest of Holland" estimates its increase from the treaty with Spain, concluded at Munster in 1643 to 1669, at fully a half. He adds, that during the war with Holland, Spain lost the greater part of her naval power; that, since the peace, the Dutch had obtained most part of the trade to that country, which had been previously carried on by the Hanseatic merchants and the English; that almost all the coasting trade of Spain was carried on by Dutch bottoms; that Spain had even been forced to hire Dutch ships to sail to her American possessions; and that, so great was the exportation of goods from Holland to Spain, that all the merchandise brought from the Spanish West Indies was not sufficient to make returns for them.

At this period, indeed, the Dutch engrossed, not by means of any artificial monopoly, but by the greater number of their ships, and their superior skill and economy in all that regarded navigation, almost the whole carrying trade of Europe. The value of the goods exported from France on Dutch bottoms, towards the middle of the 14th century, exceeded forty millions of livres; and the commerce of England with the Low Countries was, for a lengthened period, almost entirely carried on in the same way.

The business of marine insurance was largely prosecuted at Amsterdam. Ordinances published in 1551, 1563, and 1570, contain regulations for the settlement of such disputes as were likely to arise in conducting this difficult but highly useful business. It is singular, however, notwithstanding their saga-

city, and their desire to strengthen industrious habits, that the Dutch should have prohibited insurance upon lives. It was reserved for England to show the many advantages derivable from this application of the science of probabilities.

In one respect, the division and combination of commercial pursuits was carried farther in Holland than in most other countries. Not only merchants, but towns, applied themselves in preference to one line of business. Middleburgh, for example, was engaged in the wine trade; Flushing, in the West India trade; Swaardam, in ship-building; Sluys, in the herring-fishery; Amsterdam, in the East India, Spanish, and Mediterranean trades, etc. Competition in every branch was intense, and they were all conducted with the utmost skill and economy.

The author of the "True Interest of Holland" says that in his time the republic had 10,000 sail of shipping and 168,000 seamen; "although," he adds, "the country itself affords them neither materials, nor victual, nor merchandise." In 1690, Sir William Petty estimated the shipping of Europe at about 2,000,000 tons, which he supposed to be distributed as follows, viz., England, 500,000; France, 100,000; Hamburgh, Denmark, Sweden, and Dantzic, 250,000; Spain, Portugal, and Italy, 250,000; that of the Seven United Provinces amounting, according to him, to 900,000 tons, or to nearly half the whole tonnage of Europe! No great dependence can, indeed, be placed upon these estimates. But the probability is, that had they been more accurate, the preponderance in favour of Holland would have been greater than it appears to be; for the official returns to the circulars addressed in 1701 by the commissioners of customs to the officers at the different ports, show that the whole mercantile navy of England amounted at that period to only 261,222 tons, carrying 27,196 men.[1]

It may, therefore, be fairly concluded that, during the 17th century, the foreign trade and navigation of Holland was greater than that of all Europe besides. And yet

[1] Macpherson's Annals of Commerce, anno 1701.

the country which was the seat of this vast commerce had no native produce to export, nor even a piece of timber fit for ship-building. All had been the fruit of industry, economy, and a fortunate combination of circumstances. "Holland," to use the words of Sir William Temple, "did not grow rich by any native commodities, but by force of industry; by the improvement and manufacture of all foreign growths; by being the general magazine of Europe, and furnishing all parts with whatever the market wants or invites; and by their seamen being, as they have been properly called, the common carriers of the world."

In this brief sketch of the progress of Dutch commerce, we have touched upon some of the circumstances which seem to have been principally instrumental in accelerating its increase. But before proceeding to offer any further remarks of our own, either upon these or any of the other causes which may be supposed to have concurred in bringing about these extraordinary results, we beg to call the reader's attention to a very important statement with respect to them, which might have been advantageously referred to on some late occasions in this country.

After the war terminated by the treaty of Aix-la-Chapelle, the attention of the Dutch government was forcibly attracted to the state of the shipping and foreign commerce of the republic. They had been gradually declining from the beginning of the century; and the discovery of means by which this decline might be arrested, and the trade of the republic, if possible, restored to its ancient flourishing condition, became a prominent object in the speculations of every one who felt interested in the public welfare. That the most correct information might be had on the subject, the Stadtholder, William IV., circulated the following queries among some of the more extensive and intelligent Dutch merchants, desiring them to favour him with their answers:—

"1. What is the actual state of trade? and if the same should be found to be diminished and fallen to decay, then, 2. To inquire by what methods the same may be supported

and advanced, or, if possible, restored to its former lustre, repute, and dignity?"

In discussing these questions, the merchants had to trace and exhibit the causes which had raised the commerce of Holland to the high pitch of prosperity to which it had once attained, and those which had occasioned its subsequent decline. It is stated that, though not of the same opinion upon all points, they concurred generally in regard to those of most importance. When their answers had been obtained, and compared with each other, the Stadtholder had a dissertation prepared from them and other authentic sources, on the commerce of the republic, to which proposals were subjoined for its amendment. Some of the principles therein advanced apply to Holland only; but they are mostly of universal application, and are as sound as they are comprehensive. The benefits resulting from religious toleration, political liberty, and the freedom of industry, have seldom been more clearly set forth than in this dissertation. At the same time, it contains nothing which was supposed to be hypothetical or doubtful. Its authors being all either practical or official men, largely engaged in business, or engrossed with the duties and details of office, proceeded on the sober and solid grounds of experience and observation. And yet neither Locke nor Smith could have gone farther in recommending free institutions and the freedom of commerce.

The dissertation begins by an enumeration of the causes which contributed to advance the commerce of the republic to its former unexampled prosperity: these the authors divide into three classes, embracing under the first those which were natural and physical; under the second, those which they denominate moral; and, under the third, those which they considered adventitious and external, remarking on them in succession, as follows:—

"I. The natural and physical causes are the advantages of the situation of the country, on the sea, and at the mouth of considerable rivers. Its situation between the northern and southern parts, which, by being in a manner the centre of all Europe, made the republic become the general market, where

the merchants on both sides used to bring their superfluous commodities, in order to barter and exchange the same for other goods they wanted.

" Nor have the barrenness of the country, and the necessities of the natives arising from that cause, less contributed to set them upon exerting all their application, industry, and utmost stretch of genius, to fetch from foreign countries what they stand in need of in their own, and to support themselves by trade.

" The abundance of fish in the neighbouring seas put them in a condition not only to supply their own occasions, but, with the overplus, to carry on a trade with foreigners: and out of the produce of the fishery to find an equivalent for what they so wanted, through the sterility and narrow boundaries and extent of their own country.

" II. Among the moral and political causes are to be placed, —The unalterable maxim and fundamental law relating to the free exercise of different religions; and always to consider this toleration and connivance as the most effectual means to draw foreigners from adjacent countries to settle and reside here, and so become instrumental to the peopling of these provinces.

" The constant policy of the republic to make this country a perpetual, safe, and secure asylum for all persecuted and oppressed strangers, no alliance, no treaty, no regard for, or solicitation from any potentate whatever, has at any time been able to weaken or destroy; or make the state recede from protecting those who have fled to it for their own security and self-preservation.

" Throughout the whole course of all the persecutions and oppressions that have occurred in other countries, the steady adherence of the republic to this fundamental law has been the cause that many people have not only fled hither for refuge, with their whole stock in ready cash, and their most valuable effects, but have also settled and established many trades, fabrics, manufactures, arts, and sciences, in this country; notwithstanding the first materials for the said fabrics and manufactures were almost wholly wanting in it, and not to be procured but at a great expense from foreign parts.

"The constitution of our form of government, and the liberty from thence accruing to the citizens, are further reasons to which the growth of trade, and its establishment in the republic, may fairly be attributed. And all her policy and laws are put on such an equitable footing, that neither life, estates, or dignities, depend on the caprice or arbitrary power of any single individual; nor is there any room for any person, who, by care, frugality, and diligence, has once acquired an affluent fortune or estate, to fear a deprivation of them by any act of violence, oppression, or injustice.

"The administration of justice in the country has, in like manner, always been clear and impartial, and without distinction of superior or inferior rank; whether the parties have been rich or poor, or even this a foreigner and that a native. And it were greatly to be wished we could at this day boast of such impartial quickness and despatch in all our legal processes, considering how great an influence it hath on trade.

"To sum up all, amongst the moral and political causes of the former flourishing state of trade, may be likewise placed the wisdom and prudence of the administration; the intrepid firmness of the councils; the faithfulness with which treaties and engagements were wont to be fulfilled and ratified; and particularly the care and caution practised to preserve tranquillity and peace, and to decline, instead of entering on a scene of war, merely to gratify the ambitious views of gaining fruitless or imaginary conquests.

"By these moral and political maxims was the glory and reputation of the republic so far spread, and foreigners animated to place so great a confidence on the steady determinations of a state so wisely and so prudently conducted, that a concourse of them stocked this country with an augmentation of inhabitants and useful hands, whereby its trade and opulence were constantly from time to time increased.

"III. Amongst the adventitious and external causes of the rise and flourishing state of our trade may be reckoned—

"That at the time when the best and wisest maxims were adopted in the republic as the means of making trade to flourish, they were neglected in almost all other countries: and any

one, on reading the history of those times, may easily discover, that the persecutions on account of religion throughout Spain, Brabant, Flanders, and many other states and kingdoms, have given rise to the establishment of trade in the republic.

"To this happy event, and the settling of manufactures in our country, the long continuance of the civil wars in France, which were afterwards carried on in Germany, England, and divers other parts, have also very much contributed.

"It must be added, in the last place, that during our most burdensome and heavy wars with Spain and Portugal (however ruinous that period was for commerce otherwise), these powers had both neglected their navy; whilst the republic, by a conduct directly the reverse, was at the same time formidable, and in a capacity not only to protect the trade of their own subjects, but to annoy and crush that of their enemies in all quarters."[1]

It will, we presume, be generally admitted that these statements reflect very great credit on the Dutch merchants and government. The barrenness of the soil of Holland, and its liability to inundation, made industry and perseverance indispensable, not to the comfort merely, but to the very existence of the inhabitants; while its central situation, its sea frontier, and its command of some of the principal inlets of the Continent, impelled them to engage in navigation and trade. But the concurrent influence of these circumstances, however powerful, would not of itself have sufficed to produce the results we have witnessed. Without that free system of government, that toleration of all religions, and that perfect security of property, which they early and for a while almost exclusively enjoyed, the Dutch could not have figured as they have done among the nations of Europe. The intolerance, the persecutions, and the follies of their neighbours, drove many of their most valuable and intelligent citizens to seek an asylum in Holland. Bayle, Locke, and Shaftesbury,

[1] The Dissertation was translated into English, and published at London in 1751. We have quoted from the translation, pp. 12-15.

were of the number of these refugees. We need not, therefore, wonder at the fortitude, the boldness, and the enterprise displayed by the Dutch in the 16th and 17th centuries. The progress of commerce and industry has everywhere, indeed, been pretty nearly proportioned to the liberality of the government, and the security and freedom enjoyed by the people. These were the circumstances which, though imperfectly developed, occasioned the revival of commerce and arts in the towns and cities of Italy, Germany, and Europe generally, in the middle ages, when the rural population was a prey to every sort of disorder. So long as the Spaniards possessed their Cortes, and the civil and religious privileges accorded by their ancient laws, they made rapid advances in civilisation. Their vigour, wealth, and industry, kept pace with those of their most favoured neighbours. But after the crooked and selfish policy of Ferdinand, followed by the unrelenting bigotry of Philip II., had established the Inquisition and destroyed the freedom of the press and the liberties of the nation, its physical as well as its moral energies were completely paralysed. It continued, indeed, to swarm with priests, and to abound in festivals, processions, and every sort of superstitious mummery; but its industry, intelligence, and enterprise disappeared. It is, however, some consolation to know, that this wretched system has proved no less fatal to the monarchs, for whose aggrandisement it was established, than to their subjects. While, on the one hand, the inhabitants of the Peninsula have been remarkable, for more than two centuries, for ignorance, bigotry, poverty, and laziness; the successors of Charles V. have, on the other, sunk to the lowest place among princes. Instead of being regarded, as of old, when they ruled over a free people, with envy and apprehension, they have become a by-word among nations, and are not so much objects of respect as of scorn and contempt.

Many dissertations have been written to account for the decline of the commerce of Holland. But, if we mistake not, its leading causes may be classed under two prominent heads, viz., first, the growth of commerce and navigation in other

countries; and second, the increase of taxation at home. During the period when the republic rose to eminence as a commercial state, England and France, distracted by civil and religious dissensions, or engrossed wholly by schemes of foreign conquest, were unable to apply their energies to the cultivation of commerce, or to withstand the competition of so industrious a people as the Dutch. They, therefore, were under the necessity of allowing the greater part of their foreign, and even of their coasting trade, to be carried on in Dutch bottoms under the superintendence of Dutch factors. But after the accession of Louis XIV. and the ascendancy of Cromwell had put an end to internal commotions in France and England, the energies of these two great nations began to be directed to pursuits of which the Dutch had acquired almost a monopoly. This growing inclination on the part of the English and French people, was fostered and promoted by their respective governments, who, envying the wealth and power to which their trade and navigation had raised the States-General, were anxious to turn the industry of their subjects into the same channels. In 1651, the Parliament of England passed the Act of Navigation, the main object of which was to exclude the Dutch from the carrying trade of this country; and in 1664, Colbert promulgated the tariff compiled under his direction, in the view of promoting the trade and mercantile marine of France, by harassing those of the republic. There is, however, good reason to doubt whether these regulations had the influence commonly ascribed to them. At best they only hastened by a few years a result which must have taken place though they had not been enacted. Their popularity is, indeed, a sufficient proof that they were in unison with the spirit of the age, and strengthened a bias which the course of events had already given to the national industry. It was not to be supposed, after tranquillity and a regular system of government had been established in France and England, that their active and enterprising inhabitants would submit to see one of their most valuable branches of industry engrossed by foreigners. The Dutch ceased to be the carriers of Europe,

without any fault of their own. Their performance of that function necessarily terminated as soon as other nations became possessed of a mercantile marine, and were able to do that for themselves which had previously been done for them by their neighbours.

Whatever, therefore, might have been the condition of Holland in other respects, the natural advance of rival nations could hardly fail to strip her of a large portion of the commerce which she once possessed. The progress of decline seems also to have been considerably accelerated, or rather, perhaps, the efforts to arrest it were rendered ineffectual, by the extremely heavy taxation to which she was subjected. It should, however, be observed, that this taxation was not occasioned by any misconduct on the part of the rulers of the republic—the most severe spirit of economy having always pervaded every department of the public expenditure—but by the unavoidable expenses incurred in the administration of the government, in the construction and repair of the vast works required to keep out the sea, and in the heavy cost of the revolutionary struggle with Spain, and the subsequent contests with France and England. Necessity, notwithstanding every exertion to the contrary, compelled the States, on more than one occasion, to reduce the interest of the public debt. And it also obliged them to impose taxes on corn, on flour when ground at the mill, and on bread when it came from the oven; on butter, fish, and fruit; on income and legacies; on the sale of houses; and, in short, on almost every article either of necessity or convenience. Sir William Temple mentions that in his time—and taxes were greatly increased afterwards—a fish sauce in common use, paid no fewer than *thirty* different duties of excise. And it was a common saying at Amsterdam, that every dish of fish brought to table was paid for once to the fisherman, and *six* times to the state.

The pernicious influence of this excess of taxation has been illustrated by the author of the "Richesse de la Hollande," and other well-informed writers; and it has also been forcibly pointed out in the Dissertation already referred to, drawn up from the communications of the Dutch merchants. "Op-

pressive taxes," it is there stated, "must be placed at the head of all the causes that have co-operated to the prejudice and discouragement of trade; and it may be justly said, that it can only be attributed to these taxes, that the trade of this country has been diverted out of its channel, and transferred to our neighbours, and must daily be still more and more alienated and shut out from us, unless the progress thereof be stopt by some quick and effectual remedy: Nor is it difficult to see, from these contemplations on the state of our trade, that the same will be effected by no other means than a diminution of all duties.

"In former times this was reckoned the only trading republic in Europe; and foreigners were content to pay the taxes, as well on the goods they brought thither, as on those they came there to buy; without examining whether they could evade or save them, by fetching the goods from the places where they were produced, and carrying others to the places where they were consumed: In short, they paid the Dutch their taxes with pleasure, without any farther inquiry.

"But since the last century, the system of trade is altered all over Europe: Foreign nations seeing the wonderful effect of our trade, and to what an eminence the Dutch had rose only by means thereof, they did likewise apply themselves to it; and to save our duties, sent their superfluous products beside our country, to the places where they are most consumed; and in return for the same, furnished themselves from the first hands with what they wanted."[1]

But, notwithstanding this authoritative exposition of the pernicious influence of excessive taxation, the necessary expenses of the state were so great as to render it impossible to make any sufficient reductions. And, with the exception of the transit trade carried on through the Rhine and the Meuse, which is in great measure independent of foreign competition, and the Indian trade, the other branches of the trade of Holland, though still very considerable, continue in a depressed state.

[1] Dissertation, pp. 27, 28.

In consequence principally of the oppressiveness of taxation, but partly, too, of the accumulation of capital which had taken place while the Dutch engrossed the carrying trade of Europe, profits in Holland were greatly reduced towards the middle of the 17th century, and have ever since continued extremely low. This circumstance would of itself have undermined the foundations of her greatness. Her capitalists, who could hardly expect to clear more than two or three per cent. of nett profit by any sort of undertaking carried on at home, were tempted to vest their capital in other countries, and to speculate in loans to foreign governments. Hence, until very lately, the Dutch were the largest creditors of any nation in Europe. It is impossible, indeed, to form an accurate estimate either of the amount of the sums owing to them by foreigners, previously to the late French war, or at the present time ; but there can be no doubt that at the former period it was immense, and that it is still very large. Demeunier[1] estimates the capital lent by the Dutch to foreign governments, exclusive of the large sums lent to France during the American war, at *seventy-three* millions sterling. According to the author of the "Richesse de la Hollande,"[2] the sums lent to France and England only, previously to 1778, amounted to 1,500,000 livres tournois, or sixty millions sterling. And besides these, vast sums were lent to private individuals in foreign countries, both regularly as loans at interest, and in the shape of goods advanced at long credits. Such was the difficulty of finding an advantageous investment for money in Holland, that Sir William Temple mentions, that the payment of any part of the national debt was looked upon by the creditors as an evil of the first magnitude. "They receive it," says he, "with tears, not knowing how to dispose of it to interest with such safety and ease."

In consequence of the preference given in Holland to ready money transactions, it was not a country in which adventurers without capital had much chance of speedily making a fortune.

[1] Dictionnaire de l'Economie Politique, tom. iii. p. 720.

[2] Tom. ii. p. 292.

"Rien, en effet, de plus facile que de s'établir à Amsterdam; mais rien de plus difficile que de s'y soutenir sans des grandes ressources. Dans cette ville, où l'argent abonde, où on le prête contre des sûrétes à si bon marché, il est pourtant impossible de s'en procurer à crédit; et sans argent il n'y a plus de possibilité d'y travailler, que de trouver quelqu'un qui veuille de se charger d'un papier nouveau qui ne seroit pas appuyé d'un crédit que l'opinion, la protection, ou des effets réels feroient valoir à la bourse. Les Hollandois suivent lá-dessus des maximes très austères, même á l'égard des maisons d'une certaine considération." [1] But this austerity was not a disadvantage, but the reverse. It prevented commerce from degenerating, as it has too often done in other places, into gambling adventures. And, combined with the severe spirit of economy by which all classes have uniformly been actuated, placed it on a comparatively solid foundation. And it should be mentioned, to the honour of the Dutch, and as a proof of the excellence of this system, that notwithstanding the distress and loss of trade occasioned by the invasion and occupation of their country by the French, the bankruptcies in 1795 and subsequent years were not, comparatively, so numerous as in England in ordinary seasons.

Among the subordinate causes which contributed to the decline of Dutch commerce, or which at all events prevented its growth, we may reckon the circumstance of the commerce with India having been subjected to the trammels of monopoly. The author of the "True Interest of Holland" expresses his conviction, that the abolition of the East India Company would have contributed to increase the trade with the East; and no doubt can now remain in the mind of any one that such would have been the case. The Company's directors did not exert themselves to carry on an extensive trade with a moderate profit, but to carry on a limited trade with a very large profit. To effect this purpose, they laboured with unequalled perseverance to obtain and preserve the mo-

[1] Encyclopédie Méthodique, Commerce, t. ii. p. 650.

nopoly of the spice trade; evincing, in their conduct with respect to it, a degree of rapacity, and a contempt for the rights and interests of others, that is hardly, we believe, to be matched in the history of any other association. "That they might," said Mr Crawfurd, "regulate and control the production and price of cloves just as they thought proper, the clove trees were extirpated everywhere but in Amboyna, the seat of their power; and the surrounding princes were bribed by annual stipends to league with them for the destruction of their subjects' property. This plan was begun about the year 1631. The contracts are still in force; and their annual fleet visits the surrounding islands to suppress the growth of cloves, which, in their native country, spring up with a luxuriance which these measures of satanic rigour, and of sacrilege towards bountiful nature, can scarce repress. In consequence of this plan—a plan carried on with so much iniquity and bloodshed—the country of spices is rendered a petty farm, of which the natural owners are reduced to the worst condition of predial slavery, and the great monopoliser and oppressor is that government whose duty it should have been to ensure freedom and afford protection. Human iniquity could hardly devise a plan more destructive of industry, more hostile to the growth of public wealth, or injurious to morals, than this system, framed in a barbarous age; and it reflects disgrace upon the character of a civilised people to persevere in it."[1]

The same miserable system was followed with respect to the production of nutmegs, and, generally, of all those spices which are understood to be the exclusive growth of the Moluccas. In consequence, the trade in them was so much reduced, as to have been, for a lengthened period, unable to afford employment for the capital of half-a-dozen wealthy merchants; and the unrestrained rapacity of a few monopolists made the Dutch character be looked upon in Asia, for more

[1] Eastern Archipelago, vol. iii. p. 388. See also Temminck, "Possessions Neerlandaises dans l'Inde Archipelagique," iii. pp. 202-211, where the enormities of the system are pointed out more in detail.

than a century and a half, as an epitome of all that is base and mercenary.

But we are glad to have to state, that the old monopoly, with its long train of abuses, is now wholly abolished in the Moluccas, in Java, and throughout all the Dutch possessions in the East. Proprietors of estates and villages, who have lands assigned to them by government, are obliged to furnish to its agents a certain quantity of spice, or of some other article, at a fixed and reasonable price, as a land-tax or rent. But this is the only obligation imposed on them. In all other respects they are quite free to act as they please; and hence the extraordinary progress which these colonies have made since 1815.[1]

But to return: The capital of the Dutch East India Company amounted to only 6,500,000 florins, being about £542,000 sterling, divided into transferable shares of 3,000 florins each. The ascendancy they early gained over the Portuguese, the rich prizes they took from them, and their monopoly of the spice trade, enabled the Company, notwithstanding the wars in which they were engaged, and their losses by shipwreck and otherwise, to realise for a while enormous profits. The annual dividends for the six years ending with 1610 were as high as 36 per cent. In 1606, they rose to the astonishing rate of 75 per cent.; and in 1616 they were 62½ per cent. At one period, the price of a share in the Company's stock was as high as 26,000 florins, being more than eight times its original cost. The dividends gradually declined, according as the trade of the English and other nations with India was extended. For some years previously to the dissolution of the Company in 1796, they were nominally 12 per cent., but were in reality much less.

Unlike their countrymen engaged in other branches of commerce, the East India Company made no efforts to prosecute trade on fair mercantile principles. Their whole object was to exclude competition; to grasp at the monopoly of particular products; and when they had obtained it, they

[1] Temminck, iii. 209. etc.

took care, by narrowing the supplies brought to market, to raise their price to many times their real cost.[1] They succeeded for a short time in getting the exclusive command of the pepper trade; and the first use which they made of it was, to raise the price of pepper to eight shillings a pound, being about 100 per cent. higher than the Portuguese prices. It is supposed that they must, during a few years, have made a profit of not less than 3,800 per cent. on this single article.[2]

In consequence of this system, the imports of Indian produce, and the Company's trade, were confined within the narrowest limits. It has been estimated, apparently on good grounds, that the Indian trade, had it been conducted on the principle of open competition, instead of only requiring a capital of £542,000, would have furnished an advantageous employment for one of eight or ten millions. The truth is, that the notions which were long current with respect to the magnitude of the commerce of the Dutch East India Company were quite as visionary as those entertained in this country with regard to the profitableness of the trade carried on by our Company. It has been already seen, that when the "True Interest of Holland" was published (1667), the trade of the republic is supposed to have employed 10,000 sail of shipping; yet, even then, the ships annually engaged in the East India trade amounted to "only *ten* or *sixteen* going and coming."[3] From 1614 to 1730, the prosperous period of the Company's affairs, the whole number of ships which arrived in Holland from India, was but 1621, giving only *fourteen* ships at an average to each year.[4] If any farther proof of the ruinous influence of monopoly, of its tendency to narrow and choke up what would otherwise be the broadest and deepest commercial channels, could be desired, it would be found in the fact, that the American free-traders engaged in the trade between the United States and the dependencies

[1] Sometimes to effect this object, they destroyed large quantities of spice.

[2] Crawfurd's "Eastern Archipelago," vol. iii. p. 363.

[3] "True Interest of Holland," p. 27. Lond. 1745.

[4] Crawfurd's "Eastern Archipelago," vol. iii. p. 259.

of Holland in the East Indies, very far exceed, both in number and tonnage, the ships employed by the Dutch Company.

It may justly excite surprise, that so sagacious a people should have tolerated so great an abuse, and that the States-General did not early perceive the impolicy of surrendering so important a branch of commerce to a Company acting on such narrow principles. But, instead of being looked upon as a nuisance, which should at all hazards be abated, the East India Company was very generally regarded as one of the principal supports of the republic. It occasionally, indeed, rendered some direct service to the state, and, unlike some similar associations, it was always able to maintain itself without any aid from the public treasury. But these advantages were purchased at an enormous cost; and by blinding the public to the real influence of the monopoly, were positively injurious. Perhaps, however, the peculiar constitution of the Company contributed more than any thing else to its duration. Had its management and patronage been entirely in the hands of the merchants of Amsterdam, the Company would doubtless have had to encounter the hostility of those in the out-ports. This, however, was not the case. The Company's stock was distributed among six of the principal towns, each of which had a separate chamber, or board of directors, amounting in all to *sixty-five*. The patronage was distributed amongst these chambers, according to the value of the stock held by each, and the directors had all handsome salaries. A board of seventeen directors was chosen from among the subordinate chambers, in which the supreme administration was vested. This board met alternately at Amsterdam and Middleburgh, six years at the former, and two at the latter.[1] In consequence of this constitution, almost all the leading capitalists and merchants throughout the republic were directly concerned in the administration of the Company's affairs; being at once the disposers and receivers of the

[1] For an account of the constitution, etc., of the Dutch East India Company, see Ricard, "Traité General du Commerce," i. pp. 37-50. 4to, 1781.

patronage it had to bestow. Those whose interest would otherwise have led them to oppose the Company and to insist on the trade being thrown open, were thus induced to lend it an efficient support, and exerted themselves to protect an institution the most injurious that can well be imagined, to the commerce and navigation of the republic.

It is not, perhaps, very generally known, that how injurious soever to its trade, the Dutch India Company had no exclusive right to supply the markets of Holland with the products of India. They were the only Hollanders entitled to carry on a direct intercourse with India; but every one might import Indian commodities from England, France, and other European countries. The Company had, therefore, no means of obtaining a monopoly price for the produce they imported, unless they could engross it in India; and hence the unwearied perseverance with which they laboured to obtain the monopoly of the spice trade. In this respect the constitution of the Dutch East India Company was entirely different from that of the English Company. Had tea been as popular a beverage in Holland as in England, the Dutch Company must, in order to sell the article at an artificial price, have got possession of China, or, at all events have been able to obstruct all intercourse between the Celestial Empire, and every other European and American power. But previously to 1834, when the trade was thrown open, the British Company was relieved from all fear of competition. Not only had it the exclusive right to engage in the China trade, but no English merchant could import tea or other Chinese products from Hamburg or New York, even though they might have been able to sell them here with a good profit for half or two-thirds the price charged by the Company. The monopoly in its favour appears, therefore, to have been more objectionable than that in favour of the Dutch Company. While the latter existed, Indian and Chinese products were sold as cheap in Holland, and generally indeed cheaper, than in any other country. The Company might engross, if they could, a product in the East; but no Dutch statesman ever proposed to give them a monopoly of the home market.

This was, at all times, open to Indian goods imported from foreign countries.

In illustration of what has now been stated, it may be mentioned, that previously to the renewal of the East India Company's charter by Cromwell, in 1657, the trade from England to India had, for some years, been substantially free. And, as might be anticipated, the private adventurers carried it on with a zeal, economy, and success, which monopoly can never expect to rival. It is stated in a work, entitled "Britannia Languens," or a Discourse of Trade, published in 1680, the author of which must have been alike well-informed and intelligent, that during the years 1653-4, etc., when the trade to India was open, the private traders imported East Indian commodities in such large quantities, and sold them at such reduced prices, that they not only fully supplied the British markets, but had even come into successful competition with the Dutch in the market of Amsterdam, and "had very much sunk the *actions* (shares) of the Dutch East India Company."[1]

The report, that Cromwell intended to dissolve the English Company, caused the greatest consternation among the partners of the Dutch Company, who foresaw that there would be an end of their exorbitant profits if they were brought into competition with free English traders. A letter from the Hague, 15th January 1654, in the third volume of Thurlow's "State Papers," states, "That the merchants of Amsterdam have advice, that the Lord Protector intends to dissolve the East India Company at London, and to declare the navigation and commerce of the East Indies free and open, which doth cause great jealousy at Amsterdam, as a thing that will very much prejudice the East India Company in Holland."

The interference of the administration in regulating the mode in which some of the most important branches of industry should be carried on, seems also to have been not a little injurious. Every proceeding with respect to the herring fishery, for example, was regulated by orders from government,

[1] Page 132.

carried into effect by officers appointed for that purpose. Some of these regulations were exceedingly vexatious. The period when the fishery might begin, was fixed at five minutes past twelve o'clock of the night of the 24th June! and the master and pilot of every vessel leaving Holland for the fishery, were obliged to make oath that they would respect this regulation. The species of salt to be made use of in curing different sorts of herrings was also fixed by law; and there were endless regulations with respect to the size of the barrels, the number and thickness of the staves of which they were to be made: the gutting and packing of the herrings; the branding of the barrels, etc., etc.[1] These regulations were intended to secure to the Hollanders that superiority which they had early attained in the fishery; and to prevent the reputation of their herrings from being injured by the bad faith of individuals. But their real effect was the reverse of this. By tying up the fishers to a system of routine, they prevented them from making improvements; while the facility of counterfeiting the public marks opened a wider door to fraud, than would have been opened had government declined interfering in the matter.

But notwithstanding the East India monopoly, and the regulations now described, the commercial policy of Holland, for a lengthened period, was more liberal than that of any other nation. And, in consequence, a country not more extensive than Wales, and naturally not more fertile, conquered, indeed, in great measure from the sea, and kept from being submerged by constant watchfulness and a heavy expenditure, accumulated a population of about three millions; maintained wars of unexampled duration with the most powerful monarchies; and besides laying out immense sums in works of utility and ornament at home, lent hundreds of millions to foreigners. Notwithstanding their want of native timber and iron, they are abundantly supplied with all the materials of

[1] See the interesting work, entitled "Histoire des Peches, etc., dans les Mers du Nord," tom. i. cap. 24.

carpentry, ship-building, and manufacture. Their towns, which are numerous and magnificent, are the great marts for the spices, the coffee, and the sugar of the East; and abound, indeed, in all the products of all the countries of the world. Thus, where freedom and industry prevail,

Omnis fert omnia tellus.

And though their commerce be much decayed, the Dutch, even at this moment, are the richest and most comfortable people of Europe. And their present, no less than their former state, shows that industry, a liberal system of government, and the security and free disposal of property and labour, can overcome every obstacle; "can convert the standing pool and lake into fat meadows, cover the barren rock with verdure, and make the desert smile with flowers."[1]

[1] Vindication of Commerce and the Arts, p. 90.

AN ESSAY

ON THE

RISE, PROGRESS, AND DECLINE

OF THE

HANSEATIC LEAGUE.

The Hanseatic League is the name given to an association formed in the 12th and 13th centuries, of the principal cities in the north of Germany, Prussia, Poland, etc., for the better carrying on of commerce, and for their mutual safety and defence. This confederacy having contributed, in no ordinary degree, to introduce civilisation and good government into the North, a short account of it may not be deemed uninteresting.

Hamburg, founded by Charlemagne in the ninth, and Lubeck, founded about the middle of the 12th century (1140), were the earliest members of the League. The distance between them not being very considerable, and being alike interested in the repression of those disorders to which most parts of Europe, and particularly the coast of the Baltic, were a prey in the 12th, 13th, and 14th centuries, they early formed an intimate political union, partly in the view of maintaining a safe intercourse by land with each other, and partly for the protection of navigation from the pirates, with which every sea was at that time infested. There is no very distinct evidence as to the period when this alliance was consummated: some ascribe its origin to the year 1169, others to

the year 1200, and others to the year 1241. But the most probable opinion seems to be, that it grew up by slow degrees, and was perfected according as the advantages derivable from it became more obvious. Such was the origin of the Hanseatic League, so called from the old Teutonic word *hansa*, signifying an association or confederacy.

Adam of Bremen, who flourished in the 11th century, is the earliest writer who has given any information with respect to the commerce of the countries lying round the Baltic. And from the errors into which he has fallen in describing the northern and eastern shores of that sea, it is evident they had been very little frequented, and not at all known, in his time. But from the beginning of the 12th century, the progress of commerce and navigation in the North was exceedingly rapid. The countries which stretch along the bottom of the Baltic, from Holstein to Russia, and which had been occupied by barbarous tribes of Slavonic origin, were then subjugated by the kings of Denmark, the dukes of Saxony, and other princes. The greater part of the inhabitants being exterminated, their place was filled by German colonists, who founded the towns of Stralsund, Rostock, Wismar, etc. Prussia and Poland were afterwards subjugated by the Christian princes and the knights of the Teutonic Order. So that, in a comparatively short period, the foundations of civilisation and the arts were laid in countries whose barbarism had ever remained impervious to the Roman power.

The cities that were established along the coast of the Baltic, and even in the interior of the countries bordering upon it, eagerly joined the Hanseatic confederation. They were indebted to the merchants of Lubeck for supplies of the commodities produced in more refined countries, and they looked up to them for protection against the barbarians by whom they were surrounded. The progress of the League was in consequence singularly rapid. Previously to the end of the 13th century, it embraced every considerable city in all those vast countries extending from Livonia to Holland, and was a match for the most powerful monarchs.

The Hanseatic confederacy was at its highest degree of

power and splendour during the 14th and 15th centuries. It then comprised from sixty to eighty cities, which were distributed into four classes or circles. Lubeck was at the head of the first circle, and had under it Hamburg, Bremen, Rostock, Wismar, etc. Cologne was at the head of the second circle, with twenty-nine towns under it. Brunswick was at the head of the third circle, consisting of thirteen towns. Dantzic was at the head of the fourth circle, having under it eight towns in its vicinity, besides several that were more remote. The supreme authority of the League was vested in the deputies of the different towns assembled in congress. In it they discussed all their measures; decided upon the sum that each city should contribute to the common fund; and upon the questions that arose between the confederacy and other powers, as well as those that frequently arose between the different members of the confederacy. The place for the meeting of congress was not fixed, but it was most frequently held at Lubeck, which was considered as the capital of the League, and there its archives were kept. Sometimes, however, congresses were held at Hamburg, Cologne, and other towns. They met once every three years, or oftener if occasion required. The letters of convocation specified the principal subjects which would most probably be brought under discussion. Any one might be chosen for a deputy; and besides merchants, the congress comprised clergymen, lawyers, artists, etc. When the deliberations were concluded, the decrees were formally communicated to the magistrates of the cities at the head of each circle, by whom they were subsequently communicated to those below them; and the most vigorous measures were adopted for carrying them into effect. One of the burgomasters of Lubeck presided at the meetings of congress; and during the recess the magistrates of that city had the sole, or at all events the principal, direction of the affairs of the League.

Besides the towns already mentioned, there were others that were denominated confederated cities or allies. The latter neither contributed to the common fund of the League, nor sent deputies to congress. Even its members were not all

on the same footing in respect to privileges; and the internal commotions by which it was frequently agitated, partly originating in this cause, and partly in the conflicting interests and pretensions of the different cities, materially impaired the power of the confederacy. But despite these disadvantages, it succeeded for a lengthened period, not only in controlling its own refractory members, but in making itself respected and dreaded by others. It produced able generals and admirals, skilful politicians, and some of the most successful and wealthy merchants of modern times.

As the power of the confederated cities was increased and consolidated, they became more ambitious. Instead of limiting their efforts to the mere advancement of commerce and their own protection, they endeavoured to acquire the monopoly of the trade of the North, and to exercise the same dominion over the Baltic that the Venetians exercised over the Adriatic. For this purpose they succeeded in obtaining, partly in return for loans of money, and partly by force, various privileges and immunities from the northern sovereigns, which secured to them almost the whole foreign commerce of Scandinavia, Denmark, Prussia, Poland, Russia, etc. They exclusively carried on the herring fishery of the Sound, at the same time that they endeavoured to obstruct and hinder the navigation of foreign vessels in the Baltic. It should, however, be observed, that the immunities they enjoyed were mostly indispensable to the security of their commerce, in consequence of the barbarism that then prevailed. And notwithstanding their attempts at monopoly, there cannot be a doubt that the progress of refinement in the North was prodigiously accelerated by the influence and ascendancy of the Hanseatic cities. They repressed piracy by sea and robbery by land, which must have broken out again had their power been overthrown before civilisation was fully established; they accustomed the inhabitants to the principles, and set before them the example, of good government and subordination; they introduced amongst them conveniences and enjoyments unknown by their ancestors, or despised by them, and inspired them with a taste for literature and science; they did for the

people round the Baltic, what the Phœnicians had done in remoter ages for those round the Mediterranean, and deserve, equally with them, to be placed in the first rank amongst the benefactors of mankind.

"In order," as has been justly observed, "to accomplish their purpose of rendering the Baltic a large field for the prosecution of commercial and industrious pursuits, it was necessary to instruct men, still barbarous, in the rudiments of industry, and to familiarise them in the principles of civilisation. These great principles were laid by the confederation; and at the close of the 15th century, the Baltic and the neighbouring seas had, by its means, become frequented routes of communication between the North and the South. The people of the former were enabled to follow the progress of the latter in knowledge and industry. The forests of Sweden, Poland, etc., gave place to corn, hemp, and flax; the mines were wrought, and in return the produce and manufactures of the South were imported. Towns and villages were erected in Scandinavia, where huts only were before seen; the skins of the bear and the wolf were exchanged for woollens, linens, and silks; learning was introduced; and printing was hardly invented before it was practised in Denmark, Sweden, etc." [1]

The kings of Denmark, Sweden, and Norway, were frequently engaged in hostilities with the Hanse towns. They regarded, and it must be admitted not without pretty good reason, the privileges acquired by the League in their kingdoms as so many usurpations. But their efforts to abolish these privileges served, for more than two centuries, only to augment and extend them.

"On the part of the League there was union, subordination, and money; whereas the half-savage Scandinavian monarchies were full of divisions, factions, and troubles; revolution was immediately followed by revolution, and feudal anarchy was at its height. There was another circumstance, not less important, in favour of the Hanseatic cities. The popular governments established amongst them possessed the respect

[1] Catteau, "Tableau de la Mer Baltique," tom. ii. p. 175.

and confidence of the inhabitants, and were able to direct the public energies for the good of the state. The astonishing prosperity of the confederated cities was not wholly the effect of commerce. To the undisciplined armies of the princes of the North—armies composed of vassals without attachment to their lords—the cities opposed, besides the inferior nobles, whose services they liberally rewarded, citizens accustomed to danger, and resolved to defend their liberties and property. Their military operations were combined and directed by a council composed of men of tried talents and experience, devoted to their country, responsible to their fellow-citizens, and enjoying their confidence. It was chiefly, however, on their marine forces that the cities depended. They employed their ships indifferently in war or commerce, so that their naval armaments were fitted out at comparatively small expense. Exclusive, too, of these favourable circumstances, the fortifications of the principal cities were looked upon as impregnable. And as their commerce supplied them abundantly with all sorts of provisions, it need not excite our astonishment that Lubeck alone was able to carry on wars with the surrounding monarchs, and to terminate them with honour and advantage; and still less, that the League should long have enjoyed a decided preponderance in the North." [1]

The extirpation of piracy was one of the objects which had originally led to the formation of the League, and which it never ceased to prosecute. Owing, however, to the barbarism then so universally prevalent, and the countenance openly given by many princes and nobles to those engaged in this infamous profession, it was not possible wholly to root it out. But the vigorous efforts of the League to abate the nuisance, though not entirely successful, served to render the navigation of the North Sea and the Baltic comparatively secure, and were of signal advantage to commerce. Nor was this the only mode in which the power of the confederacy was directly employed to promote the common interests of mankind. Their exertions to protect shipwrecked mariners from the atrocities

[1] L'Art de vérifier les Dates, 3me partie, tom. viii. p. 204

to which they had been subject, and to procure the restitution of shipwrecked property to its legitimate owners, though most probably, like their exertions to repress piracy, a consequence of selfish considerations, were in no ordinary degree meritorious; and contributed not less to the advancement of civilisation than to the security of navigation.[1]

To facilitate and extend their commercial transactions, the League established various factories in foreign countries; the principal of which were at Novogorod in Russia, London, Bruges in the Netherlands, and Bergen in Norway.

Novogorod, situated at the confluence of the Volkof with the Imler Lake, was for a lengthened period the most renowned emporium in the north-eastern parts of Europe. In the beginning of the 11th century, the inhabitants obtained considerable privileges, that laid the foundation of their liberty and prosperity. Their sovereigns were at first subordinate to the grand dukes or czars of Russia; but as the city and the contiguous territory increased in population and wealth, they gradually acquired an almost absolute independency. The power of these sovereigns over their subjects seems, at the same time, to have been exceedingly limited; and, in effect, Novogorod ought rather to be considered as a republic under an elective magistrate, than as a state subject to a regular line of hereditary monarchs, possessed of extensive prerogatives. During the 12th, 13th, and 14th centuries, Novogorod formed the *entrepôt* between the countries to the east of Poland and the Hanseatic cities. Its fairs were frequented by people from all the surrounding countries, as well as by numbers of merchants from the Hanse towns, who engrossed the greater part of its foreign trade, and furnished its markets with the products of distant countries. Novogorod

[1] A series of resolutions were unanimously agreed to by the merchants frequenting the port of Wisby, one of the principal emporiums of the League, in 1287, providing for the restoration of shipwrecked property to its original owners, and threatening to eject from the "*consolalitate mercatorum*" any city that did not act conformably to the regulations laid down.

is said to have contained, during its most flourishing period, towards the middle of the 15th century, upwards of 400,000 souls. This, however, is doubtless an extreme exaggeration. But its dominions were then very extensive; and its wealth and power seemed so great and so well established, and the city itself so impregnable, as to give rise to a proverb, Who can resist the gods and great Novogorod?—*Quis contra Deos et magnam Novogordiam?*[1]

But its power and prosperity were far from being so firmly established as its eulogists, and those who had only visited its fairs, appear to have supposed. In the latter part of the 15th century, Ivan Vassilievitch, czar of Russia, having secured his dominions against the inroads of the Tartars, and extended his empire by the conquest of some of the neighbouring principalities, asserted his right to the principality of Novogorod, and supported his pretensions by a formidable army. Had the inhabitants been animated by the spirit of unanimity and patriotism, they might have defied his efforts; but their dissensions facilitated their conquest, and rendered them an easy prey. Having entered the city at the head of his troops, Ivan received from the citizens the charter of their liberties, which they either wanted courage or inclination to defend, and carried off an enormous bell to Moscow, which had long been regarded with a sort of superstitious veneration as the palladium of the city. But notwithstanding the despotism to which Novogorod was subject during the reigns of Ivan and his successors, it continued for a considerable period to be the largest, as well as most commercial, city in the Russian empire. The famous Richard Chancellour, who passed through Novogorod in 1554, in his way from the court of the czar, says, that "next unto Moscow, the city of Novogorod is reputed the chiefest of Russia; for although it be in majestie inferior to it, yet in greatness it goeth beyond it. It is the chiefest and greatest mart town of all Muscovy; and albeit the emperor's seat is not there, but at Moscow, yet the commodiousness of the river falling into the Gulf of Finland,

[1] Coxe's "Travels in the North of Europe," vol. ii. p. 80.

whereby it is well frequented by merchants, makes it more famous than Moscow itself."

But the scourge of the destroyer soon after fell on this celebrated city. Ivan IV., having discovered, in 1570, a correspondence between some of the principal citizens and the king of Poland relative to a surrender of the city into his hands, punished them in the most inhuman manner. The slaughter by which the bloodthirsty barbarian sought to satisfy his revenge was alike extensive and indiscriminating. The crime of a few citizens was made a pretext for the massacre of 25,000 or 30,000. Though it never recovered from this fatal blow, Novogorod continued to be a place of considerable trade, until the foundation of Petersburg, which immediately became the seat of the commerce of which it had previously been the centre. This ill-fated city is now reduced to an inconsiderable town, with about 8,000 or 9,000 inhabitants; and is remarkable only for its history and antiquities.

The merchants of the Hanse towns, or Hansards, as they were then commonly termed, were established in London at a very early period, and their factory here was of considerable magnitude and importance. They enjoyed various privileges and immunities; they were permitted to govern themselves by their own laws and regulations; the custody of one of the gates of the city (Bishopsgate) was committed to their care; and the duties on various sorts of imported commodities were considerably reduced in their favour. These privileges necessarily excited the ill-will and animosity of the English merchants. The Hansards were every now and then accused of acting with bad faith; of introducing commodities as their own that were really the produce of others, that they might evade the duties with which they ought to have been charged; of capriciously extending the list of towns belonging to the association; and obstructing the commerce of the English in the Baltic. Efforts were continually making to bring these disputes to a termination; but as they really grew out of the privileges granted to and claimed by the Hansards, this was found to be impossible. The latter were exposed to many indignities; and their factory, which was situated in

Thames Street, was not unfrequently attacked. The League exerted themselves vigorously in defence of their privileges; and having declared war against England, they succeeded in excluding our vessels from the Baltic, and acted with such energy, that Edward IV. was glad to come to an accommodation with them, on terms which were anything but honourable to the English. In the treaty for this purpose, negotiated in 1474, the privileges of the merchants of the Hanse towns were renewed, and the king assigned to them, in absolute property, a large space of ground, with the buildings upon it, in Thames Street, denominated the Steel Yard, whence the Hanse merchants have been commonly denominated the Association of the Steel Yard. The property of their establishments at Boston and Lynn was also secured to them; and the king engaged to allow no stranger to participate in their privileges. One of the articles bore that the Hanse merchants should be no longer subject to the Judges of the English Admiralty Court, but that a particular tribunal should be formed for the easy and speedy settlement of all disputes that might arise between them and the English. And it was further agreed that the particular privileges awarded to the Hanse merchants should be published as often as the latter judged proper, in all the sea-port towns of England, and that such Englishmen as infringed upon them should be punished. In return for these concessions, the English acquired the liberty of freely trading in the Baltic, and especially in the port of Dantzic and in Prussia. In 1498, all direct commerce with the Netherlands being suspended, the trade fell into the hands of the Hanse merchants, whose commerce was in consequence very greatly extended. But, according as the spirit of commercial enterprise awakened in the nation, and as the benefits resulting from the prosecution of foreign trade came to be better known, the privileges of the Hanse merchants became more and more obnoxious. They were, in consequence, considerably modified in the reigns of Henry VII. and Henry VIII., and were at length wholly abolished in 1597.[1]

[1] Anderson's Hist. Com. Anno 1474, etc.

The different individuals belonging to the factory in London, as well as those belonging to the other factories of the League, lived together at a common table, and were enjoined to observe the strictest celibacy. The direction of the factory in London was intrusted to an alderman, two assessors, and nine councillors. The latter were sent by the cities forming the different classes into which the League was divided. The business of these functionaries was to devise means for extending and securing the privileges and commerce of the association; to watch over the operations of the merchants; and to adjust any disputes that might arise amongst the members of the confederacy, or between them and the English. The League endeavoured at all times to promote, as much as possible, the employment of their own ships. In pursuance of this object, they went so far, in 1447, as to forbid the importation of English merchandise into the confederated cities, except by their own vessels. But a regulation of this sort could not be carried into full effect; and was enforced or modified according as circumstances were favourable or adverse to the pretensions of the League. Its very existence was, however, an insult to the English nation; and the irritation produced by the occasional attempts to act upon it, contributed materially to the subversion of the privileges which the Hanseatic merchants had acquired amongst us.

By means of their factory at Bergen, and of the privileges which had been either granted to or usurped by them, the League enjoyed for a lengthened period the monopoly of the commerce of Norway.

The principal factory of the League was at Bruges in the Netherlands. Bruges became, at a very early period, one of the first commercial cities of Europe, and the centre of the most extensive trade carried on to the north of Italy. The art of navigation in the 13th and 14th centuries was so imperfect, that a voyage from Italy to the Baltic and back again could not be performed in a single season; and hence, for the sake of their mutual convenience, the Italian and Hanseatic merchants determined on establishing a depôt or storehouse of their respective products in some intermediate situa-

tion. Bruges was fixed upon for this purpose; a distinction which it seems to have owed as much to the freedom enjoyed by the inhabitants, and the liberality of the government of the Low Countries, as to the conveniency of its situation. In consequence of this preference, Bruges speedily rose to the very highest rank among commercial cities, and became a place of vast wealth. It was at once a staple for English wool; for the woollen and linen manufactures of the Netherlands; for the timber, hemp and flax, pitch and tar, tallow, corn, fish, ashes, etc., of the North; and for the spices and Indian commodities, as well as their domestic manufactures imported by the Italian merchants. The fairs of Bruges were the best frequented of any in Europe. The Hanseatic merchants were the principal purchasers of Indian commodities; they disposed of them in the ports of the Baltic, or carried them up the great rivers into the heart of Germany. The vivifying effects of this commerce were everywhere felt; the regular intercourse opened between the nations in the north and south of Europe made them sensible of their mutual wants, and gave a wonderful stimulus to the spirit of industry. This was particularly the case with regard to the Netherlands. Manufactures of wool and flax had been established in that country as early as the age of Charlemagne; and the resort of foreigners to their markets, and the great additional vent that was thus opened for their manufactures, made them be carried on with a vigour and success that had been hitherto unknown. These circumstances, combined with the free spirit of their institutions, and the moderation of the government, so greatly promoted every elegant and useful art, that the Netherlands early became the most civilised, best cultivated, richest, and most populous country of Europe.

From the middle of the 15th century, the power of the confederacy, though still very formidable, began to decline. This was not owing to any misconduct on the part of its leaders, but to the progress of that improvement which it had done so much to promote. The superiority enjoyed by the League resulted as much from the anarchy, confusion, and barbarism that

prevailed throughout the kingdoms of the North, as from the good government and order that distinguished its towns. But a distinction of this sort could not be permanent. The civilisation which had been at first confined to the cities, gradually spread from them, as from so many centres, over the contiguous country. Feudal anarchy was everywhere superseded by a system of subordination; arts and industry were diffused and cultivated; and the authority of government was at length firmly established. This change not only rendered the princes, over whom the League had so frequently triumphed, superior to it in power; but the inhabitants of the countries amongst which the confederated cities were scattered, having learned to entertain a just sense of the advantages derivable from commerce and navigation, could not brook the superiority of the association, or bear to see its members in possession of immunities of which they were deprived. And in addition to these circumstances, which must speedily have occasioned the dissolution of the League, the interests of the different cities of which it consisted became daily more and more opposed to each other. Lubeck, Hamburg, Bremen, and the towns in their vicinity, were latterly the only ones that had any interest in its maintenance. The cities in Zealand and Holland joined it, chiefly because they would otherwise have been excluded from the commerce of the Baltic; and those of Prussia, Poland, and Russia did the same, because, had they not belonged to it, they would have been shut out from all intercourse with strangers. When, however, the Zealanders and Hollanders became sufficiently powerful at sea to be able to vindicate their right to the free navigation of the Baltic by force of arms, they immediately seceded from the League: and no sooner had the ships of the Dutch, the English, etc., begun to trade directly with the Polish and Prussian Hanse towns, than these also embraced the first opportunity of withdrawing from it. The fall of this great confederacy was really, therefore, a consequence of the improved state of society, and of the development of the commercial spirit in the different nations of Europe. It was most serviceable so long as those for whom its merchants acted as factors and

carriers were too barbarous, too much occupied with other matters, or too destitute of the necessary capital and skill, to act in these capacities for themselves. When they were in a situation to do this, the functions of the Hanseatic merchants ceased as a matter of course; their confederacy fell to pieces; and at the middle of the 17th century the cities of Lubeck, Hamburg, and Bremen were all that continued to acknowledge the authority of the League. They still, indeed, preserve the shadow of its power; being acknowledged in the act for the establishment of the Germanic confederation, done at Vienna in 1815, as free Hanseatic cities.

ESSAY

ON THE

ORIGIN OF THE COMPASS.

It is commonly supposed that the compass was invented by Flavio Gioja, a citizen of the once famous republic of Amalphi, near the beginning of the 14th century. Dr Robertson has adopted this opinion, and regrets that contemporary historians furnish no details respecting the life of a man to whose genius society is so deeply indebted.[1] But though Gioja may have made improvements on the compass, he has no claim to be considered as its discoverer. Passages have been produced from writers who flourished more than a century before Gioja, in which the polarity of the needle, when touched by the magnet, is distinctly pointed out. And not only had this singular property been discovered, but also its application to the purposes of navigation, long previously to the 14th century. Old French writers have been quoted,[2] which seem fully to establish this fact. But whatever doubts may exist with respect to them, cannot affect the passages which the learned Spaniard, Don Antonio de Capmany[3] has given from a work of the famous Raymond Lully,[4] published in 1272. In one

[1] Hist. of America, vol. i. p. 47, 8vo ed. Sismondi has adopted the same theory, *ante*, p. 316.

[2] Macpherson's Annals of Commerce, anno 1200; Rees's "Cyclopædia," art. "Compass," etc. Capmany, p. 89, etc.

[3] Questiones Criticas, p. 73-132.

[4] De Contemplatione.

place Lully says, "as the needle, when touched by the magnet, naturally turns to the north" (*sicut acus per naturam vertitur ad septentrionem dum sit tacta à magnete*). This is conclusive as to the author's acquaintance with the polarity of the needle; and the following passage from the same work—"as the nautical needle directs mariners in their navigation" (*sicut acus nautica dirigit marinarios in sua navigatione, etc.*) is no less conclusive as to its being used by sailors in regulating their course. There are no means of ascertaining the mode in which the needle Raymond Lully had in view was made use of. It has been sufficiently established,[1] that it was usual to float the needle, by means of a straw, on the surface of a basin of water; and Capmany contends that we are indebted to Gioja for the card and the method now followed of suspending the needle; improvements which have given to the compass all its convenience, and a very large portion of its utility. But this part of his "Dissertation," though equally learned and ingenious, is by no means so satisfactory as the other. It is difficult to conceive how mariners at sea could have availed themselves of a floating needle. But, however this may be, it is probable perhaps that Gioja improved the construction of the compass; and that the Amalphitans having been the first to introduce it to general use, he was, with excusable partiality, represented by them, and subsequently regarded by others, as its inventor.

Tiraboschi, in his great work on the history of Italian literature, after showing that there is no foundation for the claims of Gioja to the invention of the compass, supposes that it may have been introduced by the Arabs.[2] The same idea was taken up by his learned contemporary Andres, who has exerted himself, though with but indifferent success, to confirm the conjecture of Tiraboschi.[3] It has, indeed, been

[1] See the authorities already referred to, and Azuni, "Dissertation sur l'Origine de la Boussole," pp. 134-143.

[2] Storia della Letteratura Italiana, iv. 209, 4to, 1788.

[3] Andres, Progressi, etc., d'Ogni Letteratura, i. pp. 237-246, 4to, 1808. Capmany has animadverted on his statements in the "Questiones Criticas," pp. 79-82.

alleged that the use of the needle in navigation was known from a remote period to the Chinese;[1] and that that circumstance affords, at least, a presumption in favour of the opinion that we are indebted for it to the East. But the statements in regard to the antiquity of the Chinese compass have been treated with very little respect by some great authorities;[2] and are much too questionable to warrant any stress being laid on them. The Chinese have never been in the habit of making distant voyages; but had the needle been used in their trading vessels, the Indians, with whom they came in contact, would no doubt have eagerly availed themselves of so valuable an invention; and they might, in like manner, have communicated it to the Arabs. There is, however, no evidence to show that the compass had been used by the Indians previously to the voyage of De Gama.[3] And there are no good grounds for thinking that the Arabs had any knowledge of the instrument, or that it was ever used by them, till after the period when they might have learned it from the Venetians, the Amalphitans, and other European traders. The notion that we are indebted to them for the compass, appears, indeed, to have little else to recommend it, except that it began to become known when the Saracens became powerful in the Mediterranean. This, however, is too weak a ground on which to found a claim. And though it be impossible to speak with perfect confidence on such a subject, the fair conclusion seems to be, that the compass is a European invention; that it was discovered in the 12th or 13th century, and brought into use in some of the provinces bordering on the Mediterranean.

But whether we are indebted for the invention of the compass to the Arabs, the French, or the Italians, "its discovery," to borrow the language of Macpherson, "has given birth

[1] Davis's Chinese, p. 277, ed. 1840.

[2] Capmany, p. 76, etc. The learned Mr Forster, who is anything but disinclined to underrate the obligations we are under to the Arabs, admits that they were ignorant of the compass.—*Mahometanism Unveiled*, etc., ii. 223.

[3] Azuni, "De la Boussole," pp. 118-122

to a new æra in the history of commerce and navigation. The former it has extended to every shore of the globe, and increased and multiplied its operations and beneficial effects in a degree which was not conceivable by those who lived in the earlier ages. The latter it has rendered expeditious, and comparatively safe, by enabling the navigator to launch out upon the ocean free from the danger of rocks and shoals. By the use of this noble instrument, the whole world has become one vast commercial commonwealth, the most distant inhabitants of the earth are brought together for their mutual advantage, ancient prejudices are obliterated, and mankind are civilised and enlightened."[1]

[1] Annals of Commerce, i. 366.

SKETCH

OF THE

PROGRESS OF MARITIME LAW.

"Nec erit alia lex Romæ, alia Athenis, alia nunc, alia posthac; sed et omnes gentes et omni tempore una lex et sempiterna, et immutabilis continebit."—*Cicero.*

THE earliest system of maritime law, of which we have any information, was compiled by the Rhodians, several centuries before the Christian æra. The most celebrated authors of antiquity have spoken in high terms of the wisdom of the Rhodian laws. Luckily, however, we are not wholly left, in forming our opinion upon them, to the vague, though commendatory, statements of Cicero and Strabo.[1] The laws of Rhodes were adopted by Augustus into the legislation of Rome; and such was the estimation in which they were held, that the Emperor Antoninus, being solicited to decide a contested point with respect to shipping, is reported to have answered, that it ought to be decided by the Rhodian laws, which were of paramount authority in such cases, unless they happened to be directly at variance with some regulation of the Roman law.—"*Ego quidem mundi dominus, lex autem maris legis id Rhodia, qua de rebus nauticis prescripta est,*

[1] Cicero pro Lege Manilia; Strab. lib. xiv

judicetur, quatenus nulla nostrarum legum adversatur. Hoc idem Divus quoque Augustus judicavit." The rule of the Rhodian law with respect to average contributions in the event of a sacrifice being made at sea for the safety of the ship and cargo, is expressly laid down in the Digest;[1] and the most probable conclusion seems to be, that most part of the regulations in regard to maritime affairs embodied in the compilations of Justinian, have been derived from the same source. The regulations as to average adopted by all modern nations, are borrowed, with hardly any alteration, from the Roman, and therefore, as now seen, from the Rhodian laws—a conclusive proof of the sagacity of those by whom they had been originally framed. The only authentic fragments of the Rhodian laws are those in the Digest. The collection entitled *Jus navale Rhodiorum*, published at Bâle in 1561, is now generally admitted to be spurious.

The first modern code of maritime law is said to have been compiled at Amalphi, in Italy, a city at present in ruins; but which, besides being early distinguished for its commerce, is celebrated for the supposed invention of the mariner's compass. The Amalphitan code is said to have been denominated *Tabula Amalphitana*. It is difficult, however, to suppose, had such a body of law really existed, that neither it, nor any extracts from it, should ever have been published, and that all traces and vestiges of it should have been obliterated. It has, indeed, been referred to by Giannone,[2] Sismondi,[3] and other distinguished writers. But Pardessus has gone far to destroy the weight that would otherwise have been attached to this circumstance, by showing that these authorities have satisfied themselves with copying the statement of Freccia, in his book "De Subfeudis," published in 1570.[4] And the presumption undoubtedly is, that the latter had mistaken a foreign code of maritime law, in force in Amalphi, for one of native origin. A code of this description appears to

[1] Lib. xiv. tit. 2.

[2] Storia Civile del Regno di Napoli, lib. i. cap. 4.

[3] Republiques Italiennes, i. 264.

[4] Lois Maritimes, v. 223.

have been compiled at Trani, a town of Naples, on the Adriatic, as early as the 11th century (1063).[1] And it seems infinitely more probable that it, or some one else, having been adopted by the Amalphitans, and disseminated by them, should have been supposed by Freccia to belong to that city, than that all traces of the native code, had it ever existed, should have been lost.

Besides Amalphi, Venice, Marseilles, Pisa, Genoa, Barcelona, Valencia, and other towns of the Mediterranean, were early distinguished by the extent to which they carried commerce and navigation. In the absence of any positive information on the subject, it seems reasonable to suppose that their maritime laws would be principally borrowed from those of Rome, with such alterations and modifications as might be deemed requisite to accommodate them to the particular views of each state. But whether in this or in some other way, it is certain that various conflicting regulations were established, which led to much confusion and uncertainty; and the inconveniences thence arising, doubtless contributed to the universal adoption of the *Consolato del Mare* as a code of maritime law. Nothing certain is known of its origin. Capmany, in his very learned and excellent works on the commerce of Barcelona,[2] and on its maritime laws and customs,[3] has endeavoured to show that the *Consolato* was compiled in that city between the years 1258 and 1266; and that it is founded upon, and embodies, the principal rules, regulations, and customs, which the inhabitants of Barcelona, Venice, Pisa, Genoa, and other commercial cities of the Mediterranean had adopted for their guidance in maritime affairs. Azuni contends, on the other hand, in opposition to Capmany, that Pisa is entitled to the glory of having compiled the *Consolato*. But, notwithstanding the ability dis-

[1] It is given by Pardessus, in his "Lois Maritimes," v. pp. 237-251.

[2] Antigua Comercio de Barcelona, tome i. pp. 170-183.

[3] "Codigo de las Costumbres Maritimas de Barcelona," 2 vols. 4to. Discurso Preliminar. pp. xii.-xxv.

played in his Dissertation,[1] Pardessus, and other able critics, concur in thinking that he has not been able to shake the conclusions of Capmany. The Spanish origin of the *Consolato* is farther corroborated in a very striking manner by the fact, that it was first published in Catalan, at Barcelona, in 1502, and that the earlier French and Italian editions are, without any exception, translations from this.

Pardessus appears to have been sufficiently disposed, had there been any grounds to go upon, to set up a claim in favour of Marseilles, to the honour of being the birthplace of the *Consolato*. But he admits that no such pretension could be supported, and unwillingly adheres to Capmany's opinion.—"Quoique Français," says he, "quoique portée par des sentimens de reconnoissance, qu'aucun évènement ne sauroit affoiblir, à faire valoir tout ce qui est en faveur de Marseilles, je dois reconnoître franchement que les probabilités l'emportent en faveur de Barcelone."[2]

But to whichever city the honour of compiling the *Consolato* may be due, its antiquity has been greatly exaggerated. It is affirmed, in a preface to the different editions, that it was solemnly accepted, subscribed, and promulgated, as a body of maritime law, by the Holy See, in 1075, and by the kings of France and other potentates at different periods between 1075 and 1270. But Capmany, Jorio, and Pardessus, have shown in the clearest and most satisfactory manner, that the circumstances alluded to in this preface

[1] It is entitled "Des Lois du Consulat de la Mer," and is contained in his work on Maritime Law, "Droit Maritime de l'Europe," i. pp. 390-439. But though learned and able, it confers but little credit on Azuni, by whom it has been literally translated, without a word of acknowledgment, from a work by Jorio, a Neapolitan lawyer, in 4 vols. 4to, printed in 1781. (*Pardessus*, i. 9.) This work, of which the impression was limited to twenty-five copies, taken at the expense of government, comprises a projected code of maritime law, with historical notices of the previous laws, etc. Jorio is also the author of a "History of Commerce and Navigation" (*Storia Del Commercio e Della Navigazione*), in 4 vols. 4to, Napoli. 1778-83. It comprises only the commerce and navigation of the ancients; and, though learned, is tedious and uninteresting.

[2] Tome ii. p. 24.

could not possibly have taken place, and that it is unworthy of attention. The most probable opinion seems to be, that it was compiled, and began to be introduced, about the end of the 13th, or the beginning of the 14th century. And notwithstanding its prolixity, and its want of precision and clearness,[1] the correspondence of the greater number of its rules with the ascertained principles of justice and public utility, gradually led, without the intervention of any agreement, to its adoption as a system of maritime jurisprudence by the various nations contiguous to the Mediterranean. It is still of high authority. Casaregis says of it, though perhaps too strongly,—"*Consulatis maris, in materiis maritimis, tanquam universalis consuetudo habens vim legis, inviolabiliter attendenda est apud omnes provincias et nationes.*"[2]

The collection of sea laws next in celebrity, but anterior, perhaps, in point of time, is that denominated the *Roole des Jugements d'Oleron*. There is as much diversity of opinion in regard to the origin of these laws, as there is in regard to the origin of the *Consolato*. The prevailing opinion in Great Britain has been, that they were compiled by direction of Queen Eleanor, wife of Henry II., in her quality of Duchess of Guienne; and that they were afterwards enlarged and improved by her son Richard I., at his return from the Holy Land. But this statement is now admitted to rest on no good foundation. The most probable theory seems to be, that they are a collection of the rules or practices followed at the principal French ports on the Atlantic, as Bordeaux, La Rochelle, St Malo, etc. They contain, indeed, rules that are essential to all maritime transactions, wherever they may be carried on: but the references in the code sufficiently prove that it is of French origin.[3] The circumstance of our monarchs having

[1] Hubner, in his famous treatise, "De la Saisie Des Batimens Neutres" (2 vols. 12mo, 1759), exaggerates these defects, and speaks much too depreciatingly of the *Consolato*,—i. p. xi. [2] Disc. 213. n. 12.

[3] The "Jugements d'Oleron" were published, with a learned commentary by Cleirac, in 1647, in the work entitled "Us et Coutumes de la Mer," reprinted in 1671.

large possessions in France at the period when the Rules of Oleron were collected, naturally facilitated their introduction into England; and they have long enjoyed a high degree of authority in this country. "I call them the Laws of Oleron," said a great civilian,"[1] "not but that they are peculiarly enough English, being long since incorporated into the customs and statutes of our admiralties; but the equity of them is so great, and the use and reason of them so general, that they are known and received all the world over by that rather than by any other name." Molloy, however, has more correctly, perhaps, said of the laws of Oleron, that "they never obtained any other or greater force than those of Rhodes formerly did; that is, they were esteemed for the reason and equity found in them, and applied to the case emergent."[2]

A code of maritime law issued at Wisby, in the island of Gothland, in the Baltic, has long enjoyed a high reputation in the North. The date of its compilation is uncertain; but it is comparatively modern. Some northern jurists have, indeed, contended that the laws of Wisby are older than the rules of Oleron, and that the latter are chiefly copied from the former. But it has been repeatedly shown that there is no foundation for this statement.[3] The laws of Wisby are not certainly older than the latter part of the 14th or the beginning of the 15th century; and have obviously been compiled from the "Consolato del Mare," the rules of Oleron, and other codes that were then in use. They have, however, been, and continue to be, of great authority in the North. Grotius says that the same deference is paid to them in the Baltic, which was formerly paid to the laws of Rhodes in the Mediterranean, and which continues to be paid to the rules of Oleron in France and other countries.[4]

Besides the codes now mentioned, the ordinances of the Hanse Towns, issued in 1597 and 1614, contain a system of

[1] Sir Leoline Jenkins, "Charge to the Cinque Ports."

[2] De Jure Maritimo et Navali, Introd.

[3] Pardessus, "Collection," etc., i. pp. 425-462.

[4] De Jure Belli, lib. ii. cap. 3.

laws relating to navigation that is of great authority. The judgments of Damme, the customs of Amsterdam, etc., are also often quoted.[1]

But by far the most complete and well digested system of maritime jurisprudence which has ever appeared, is comprised in the famous "Ordonnance de la Marine," issued by Louis XIV. in 1681. This excellent code was compiled under the direction of Colbert, the celebrated minister, by individuals of great talent and learning, after a careful revision of all the ancient sea laws of France and other countries, and upon consultation with the different parliaments, the courts of admiralty, and the chambers of commerce of the different towns. It combines whatever experience and the wisdom of ages had shown to be best in the Roman laws, and in the institutions of the modern maritime states of Europe. In the preface to his treatise on the "Law of Shipping," Lord Tenterden says,— "If the reader should be offended at the frequent references to this ordinance, I must request him to recollect that those references are made to the maritime code of a great commercial nation, which has attributed much of its national prosperity to that code: a code composed in the reign of a politic prince; under the auspices of a wise and enlightened minister; by laborious and learned persons, who selected the most valuable principles of all the maritime laws then existing; and which, in matter, method, and style, is one of the most finished acts of legislation that ever was promulgated."

The ordinance of 1681 was published in 1760, with a detailed and elaborate commentary by Valin, in two volumes 4to.[2] It is difficult which to admire most in this commentary, the learning or the sound good sense of the writer. Lord

[1] A translation of the Laws of Oleron, Wisby, and the Hanse Towns, is given in the third edition of Malyne's "Lex Mercatoria." But it is discreditable to this country that we have no good, or even respectable, edition of these and other maritime laws. The collection of M. Pardessus is, both as regards completeness and critical accuracy, infinitely superior to every other.

[2] But the best edition is that of La Rochelle. 1776, 2 vols. 4to.

Mansfield was indebted for no inconsiderable portion of his superior knowledge of the principles of maritime jurisprudence to a careful study of Valin's work.

That part of the "Code de Commerce" which treats of maritime affairs, insurance, etc., is copied with little alteration, from the ordinance of 1681. The few changes that have been made are not always improvements.

No system or code of maritime law has ever been issued by authority in Great Britain. The laws and practices that now obtain amongst us in reference to maritime affairs have been founded principally on the practices of merchants, the principles laid down in the civil law, the laws of Oleron and Wisby, the works of distinguished jurisconsults, the judicial decisions of our own and foreign countries, etc. A law so constructed has necessarily been in a progressive state of improvement; and, though still susceptible of amendment, it corresponds, at this moment, more nearly, perhaps, than any other system of maritime law, with those universally recognised principles of justice and general convenience by which the transactions of merchants and navigators ought to be regulated.

The decisions of Lord Mansfield had the greatest influence in fixing the principles and improving and perfecting the maritime law of England. "In the reign of George II.," says Lord Campbell, "England had grown into the greatest manufacturing and commercial country in the world, while her jurisprudence had by no means been expanded or developed in the same proportion. The legislature had literally done nothing to supply the insufficiency of feudal law to regulate the concerns of a trading population; and the common law judges had, generally speaking, been too unenlightened and too timorous to be of much service in improving our code by judicial decisions. Hence, when questions necessarily arose respecting the buying and selling of goods—respecting the affreightment of ships—respecting marine insurances—and respecting bills of exchange and promissory notes—no one knew how they were to be determined. Not a treatise had been published upon any one of these subjects, and no cases

respecting them were to be found in our books of reports. Mercantile questions were so ignorantly treated when they came into Westminster Hall, that they were usually settled by private arbitration among the merchants themselves. If an action turning upon a mercantile question was brought into a court of law, the judge submitted it to the jury, who determined it according to their own notions of what was fair, and no general rule was laid down which could afterwards be referred to for the purpose of settling similar disputes."

"Lord Mansfield," continues the same great authority, "saw the noble field that lay before him, and he resolved to reap the rich harvest of glory which it presented to him. Instead of proceeding by legislation, and attempting to *codify* as the French had done very successfully in the 'Coustumier de Paris,' and the 'Ordonnance de la Marine,' he wisely thought it more according to the genius of our institutions to introduce his improvements gradually by way of judicial decisions. As respected commerce, there were no vicious rules to be overturned. He had only to consider what was just, expedient, and sanctioned by the experience of nations farther advanced in the science of jurisprudence. His plan seems to have been, to avail himself, as often as opportunity admitted, of his ample stores of knowledge, acquired from his study of the Roman civil law, and of the juridical writers produced in modern times by France, Germany, Holland, and Italy, not only in doing justice to the parties litigating before him, but in settling with precision and upon sound principles, a general rule, afterwards to be quoted and recognised as governing all similar cases."[1]

Lord Mansfield's success was such as might be anticipated from his ability and industry. The principles which he established with such admirable clearness in his decisions, and the rules which have been deduced from them, have since served to guide and direct judges and juries in all cases of difficulty.

[1] See the masterly account of Lord Mansfield in Campbell's "Lives of the Chief Justices," ii. 402.

The maritime law is also under considerable obligations to Lord Stowell. His decisions chiefly, indeed, respect questions of neutrality, growing out of the conflicting pretensions of belligerents and neutrals during the late war. But the principles and doctrines which he unfolds in treating these questions, throw a strong and steady light, not on them only, but on most branches of maritime law. It has occasionally, indeed, been alleged, and the allegation is probably in some degree well founded, that his lordship has conceded too much to the claims of belligerents. Still, however, his judgments must be regarded, allowing for this excusable bias, as among the noblest monuments of judicial wisdom of which any country can boast. "They will be contemplated," says Mr Serjeant Marshall, "with applause and veneration, as long as depth of learning, soundness of argument, enlightened wisdom, and the chaste beauties of eloquence, hold any place in the estimation of mankind."[1]

The "Treatise of the Law relative to Merchant Ships and Seamen," by Lord Tenterden, late Chief Justice of the Court of Queen's Bench, does credit to its noble and learned author. It gives, within a brief compass, an admirable exposition of the most important branches of our maritime law; and may be consulted with equal facility and advantage by the merchant, the general scholar, and the lawyer. Mr Serjeant Marshall has entered very fully into some, and has touched upon most, points of maritime law, in his work on "Insurance;" and has discussed them with great learning and sagacity. The works of Mr Justice Park, Mr Holt, and a few others, are also valuable. Of the earlier treatises, the "Lex Mercatoria" of Malynes is by far the best; and, considering the period of its publication (1622), is a very extraordinary performance.

The preceding remarks refer merely to the principles or leading doctrines of our maritime law. These, however, have often been very much modified by statutory enactments; and the excessive multiplication of acts of parliament, suspending,

[1] On Insurance, Prelim. Disc.

repealing, or altering parts of other acts, has often involved our commercial and maritime law in almost inextricable confusion, and been most injurious to the public interests. No one, indeed, who is not pretty conversant with the subject, would readily imagine to what an extent this abuse has sometimes been carried. From the Revolution down to 1786 some hundreds of acts were passed, each enacting some addition, diminution, or change of the duties, drawbacks, bounties, and regulations, previously existing in the customs. In consequence, the customs laws became so intricate and unintelligible, that hardly one merchant in fifty could tell the exact amount of duty affecting any article, or the course to be followed either in entering or clearing out vessels; being obliged to leave it entirely to the clerks of the Custom-house to calculate the amount of duties, and to direct him how to proceed so as to avoid forfeiting the goods and the ship! And yet, so powerful is the influence of habit in procuring toleration for the most pernicious absurdities, that this monstrous abuse was allowed to go on increasing for fifty years after it had been denounced as intolerable. Mr Pitt has the merit of having introduced something like order into this chaos. Under his auspices, all the separate customs duties existing in 1787 were repealed, and new ones substituted in their stead; consisting, in most instances, of the equivalents, so far at least as they could be ascertained, of the old duties. The regulations as to entries and clearances were also simplified.

The advantages resulting from this measure were very great; but during the war so many new duties and regulations were passed, that the necessity for a fresh consolidation became again very urgent, and was effected in 1819. It was not, however, in the customs department only, or in the mere article of duties, that merchants and ship-owners were bewildered by the multiplicity of statutory regulations. There was not a single branch of the law regulating their transactions that escaped the rage for legislation. Previously to 1822, no fewer than 113 statutes had been passed relating to the fisheries; and the makers and buyers of sails and cordage were supposed to be familiar with the various obscure and

contradictory regulations embodied in twenty-three acts of parliament relating to these articles! But the enormity of the abuse will be rendered more apparent, by laying before the reader the following extract from the "Report of the Lords' Committee on Foreign Trade in 1820":—

"Before," say their lordships, "your committee proceed to advert to the points which have been the principal objects of their inquiry, they are anxious to call the attention of the House to the excessive accumulation and complexity of the laws under which the commerce of the country is regulated, with which they were forcibly impressed in the very earliest stage of their proceedings. These laws, passed at different periods, and many of them arising out of temporary circumstances, amount, as stated in a recent computation of them, to upwards of *two thousand*, of which no less than 1,100 were in force in 1815; and many additions have been since made. After such a statement, it will not appear extraordinary that it should be matter of complaint by the British merchant, that, so far from the course in which he is to guide his transactions being plain and simple, so far from being able to undertake his operations, and to avail himself of favourable openings as they arise with promptitude and confidence, he is frequently reduced to the necessity of resorting to the services of professional advisers, to ascertain what he may venture to do, and what he must avoid, before he is able to embark in his commercial adventures with the assurance of being secure from the consequences of an infringement of the law. If this be the case (as is stated to your committee) with the most experienced among the merchants, even in England, in how much greater a degree must the same perplexity and apprehension of danger operate in foreign countries and on foreign merchants, whose acquaintance with our statute-book must be supposed to be comparatively limited, and who are destitute of the professional authority which the merchant at home may at all times consult for his direction? When it is recollected, besides, that a trivial unintentional deviation from the strict letter of the acts of parliament may expose a ship and cargo to the inconvenience of seizure, which (whether sustained or

abandoned) is attended always with delay and expense, and frequently followed by litigation, it cannot be doubted that such a state of the law must have the most prejudicial influence both upon commercial enterprise in the country, and upon our mercantile relations and intercourse with foreign nations; and, perhaps, no service more valuable could be rendered to the trade of the empire, nor any measure more effectually contribute to promote the objects contemplated by the House in the appointment of this committee, than an accurate revision of this vast and confused mass of legislation, and the establishment of some certain, simple, and consistent principles, to which all the regulations of commerce might be referred, and under which the transactions of merchants engaged in the trade of the United Kingdom might be conducted with facility, safety, and confidence."[1]

Since this Report was printed, a very considerable progress has been made in simplifying and clearing up the statute law, on the principles laid down in it. The law as to shipping and navigation has been particularly improved. The reforms which Mr Huskisson effected, by repealing antiquated and contradictory statutes, and substituting others in their stead, compiled with commendable brevity and clearness, were attended with the happiest results. And, since his time, the repeal of a vast number of customs-duties, and the many important and beneficial changes effected by Sir Robert Peel, have greatly simplified the matters with which commercial legislation has to deal. Still, however, there is an unnecessary, and therefore a mischievous, multiplication of laws in regard to trade and navigation. A session hardly, indeed, passes in which more or fewer statutes are not enacted introducing changes or modifications of some sort or other into the laws relating to navigation and the customs-duties. And where these changes apply only to some particular case or emergency, and do not affect the principles or rules laid down in other statutes, they may be advantageously embodied in separate acts. But when any modification or alteration is to

be made in any principle or rule of law, the better way is to introduce it directly into the leading act on the subject, re-enacting it in an amended or altered form. In no other way is it possible to preserve that unity and clearness which are so very desirable. The multiplication of statutes is a very great evil, not only from the difficulty of ascertaining the exact degree in which one modifies another, but from its invariably leading to the enactment of contradictory clauses. The property and transactions of merchants ought not to depend upon the subtleties and niceties of forced constructions, but upon plain and obvious rules, about which there can be no mistake. And it would be idle to expect that such rules should ever be deduced from the conflicting provisions of a number of statutes: those in the same statute are not always in harmony with each other.

AN ESSAY

ON THE

COLONIAL SYSTEM OF THE ANCIENTS.

"Nec omnibus eadem causa relinquendi quærendique patriam fuit. Alios excidia urbium suarum, hostilibus armis elapsos, in aliena, spoliatos suis, expulerunt: Alios domestica seditio submovit: Alios nimia superfluentis populi frequentia, ad exonerandas vires, emisit: Alios pestilentia, aut frequens terrarum hiatus, aut aliqua intoleranda infelicis soli ejecerunt: Quosdam fertilis oræ, et in majus laudatæ, fama corrupit: Alios alia causa excivit domibus suis."—SENECA, *Consol. ad Helviam*, c. 6.

COLONIES may be defined to be settlements formed in foreign countries by bodies of men who voluntarily emigrate from, or are forcibly sent abroad by, their mother countries. Various motives have led, under different circumstances, to the formation of colonies. Of these, the principal seem to have been the wish to provide for the wants of a redundant population, to escape the fury of contending or victorious factions, to enlarge the circle of commerce and civilisation, and to consolidate the dominion of the parent state over subjugated provinces. In the earlier ages, when large portions of the globe were almost uninhabited, and the means of obtaining supplies of necessary or desirable articles from distant countries, by the intervention of merchants, few and imperfect, the emigration of a portion of the citizens was the only way in which an excess of population could be disposed of. Ancient history is full of references to these migrations. And when agriculture was in its infancy, manufactures and trade all but unknown,

and the rearing of cattle and flocks the principal occupation. a removal to a new country did not impose any peculiar hardship on the emigrants. These early migrations were wholly carried on by land. A lengthened period elapsed before ships were fitted out capable of conveying individuals to distant settlements across the sea. The shores bounding the ocean or its more extensive arms, seemed then to mark out the limits of the habitable globe. All beyond them was supposed to be water, or *terra incognita*, which the inhabitants neither had the means nor the wish to explore. The first essays in the art of shipbuilding were limited to the construction of rafts and canoes, fitted with difficulty to make their way across rivers and narrow arms of the sea. And ages probably passed away before mankind acquired the ability, or were animated by the desire, to commit themselves to the ocean.

We have elsewhere briefly noticed the more prominent of the circumstances which seem to have awakened a spirit of commercial enterprise amongst the Phœnicians. At present it may suffice to remark, that they were the first people recorded in history, who undertook distant voyages of discovery, and who founded colonies in the view of diffusing refinement, extending the sphere of commerce, and rendering it more secure. Cyprus was probably the seat of their earliest settlements. And in addition to those in this valuable island, they established colonies, but more frequently factories, in Greece, Sicily, Thrace, Spain, etc., and in various places along the coast of northern Africa. Of these, Utica, Carthage, which afterwards became the seat of a powerful empire, and Gades, now Cadiz, were the most remarkable. Wherever the Phœnician adventurers came, they familiarised the natives with foreign products, and made them, in some measure, aware of the advantages resulting from the practice of commerce and the arts.

With the exception, perhaps, of those in Cyprus, the Phœnician colonies seem in general to have been really or substantially independent. It is doubtful, indeed, whether the Phœnicians had either the power or the inclination to

retain their more distant settlements in a state of dependence. Much would, no doubt, depend on circumstances peculiar to each colony. Those which, like Carthage, were founded by considerable bodies of adventurers, or which speedily rose to importance, would, most likely, be independent from the outset, or from a very early date; while those which comprised only a few settlers, or which were stations or strongholds rather than colonies, would continue in a state of dependence. On the whole, however, it is abundantly certain that the advantages which the Phœnicians derived from their foreign settlements, were wholly, or almost wholly, of a commercial character. They either did not attempt to acquire, or did not succeed in acquiring, extensive colonial dominion. They were the merchants and factors, not the oppressors, of those among whom they dwelt. They were enriched by the trade, and not by the tributes, of their colonies.

The Carthaginians were at once a warlike and a commercial people. Having gradually subdued the other Phœnician settlements on the northern shores of Africa, they extended their sway over the whole coast, for about 2,000 miles, from the Pillars of Hercules to the Syrtis Major. And not satisfied with their African territories, they extended their conquests to other countries. At an early period they were masters of Sardinia and Corsica, in each of which they founded settlements; and subsequently they subjugated a large portion of Spain. Their empire in the Peninsula was, however, of but short duration, and was never very firmly established. Besides Lilybœum, they held some other strongly fortified cities on the southern coast of Sicily; and made many, and some very vigorous though unsuccessful, attempts to acquire the dominion of that large and fertile island.

Next to the Phœnicians, the Greeks were the principal founders of colonies in the ancient world. Their early colonies seem to have been mostly established by citizens expelled from the mother cities by opposite factions which had gained the ascendancy. Sometimes, however, they were undertaken to relieve the mother country of those who could not find the means of subsistence at home; and some-

times also for commercial purposes. The coasts of Asia Minor, Southern Italy, Sicily, and the Black Sea, were the principal seats of the Greek colonies. And owing to the enterprising character of the colonists, the freedom of their institutions, and their superiority in the arts over the native inhabitants of most part of the countries in which they planted themselves, their settlements rose, in a comparatively short space, to a high pitch of opulence and refinement. And many amongst them, as Miletus and Ephesus in Asia Minor, Syracuse and Agrigentum in Sicily, and Tarentum, Crotona, Sybaris, and Locri, in Italy, not only equalled but surpassed their mother cities in wealth and power. These cities became in their turn the founders of other colonies. In the days of her prosperity, Miletus was, next to Tyre and Carthage, the first emporium of the ancient world. For a while she engrossed almost the entire trade of the Euxine; and she is said to have had nearly a hundred colonies and factories round the coasts of that sea and the Palus Mæotis. She had also an extensive land-trade, which extended far into the interior of Asia.[1]

The colonists who were thus distributed over the shores and islands of the Mediterranean and the Black Sea, were all imbued with the enterprising spirit of their ancestors. And as they and their mother cities were connected by the powerful ties of kindred, language, customs, and religion, an intercourse subsisted amongst them which, though less extensive than we might suppose it would have been, was still pretty considerable. It contributed to improve the industry and to sharpen the inventive powers of the Greeks, to enlarge their ideas, and promote their civilisation.

Much diversity of opinion has existed with respect to the connection which subsisted between the ancient colonies and their mother cities. Mr Barron of St Andrews published, in 1777, an able anonymous treatise on "The Colonisation of the Free States of Antiquity," in which he en-

[1] Heeren's "Ancient History," p. 160. Eng. Trans.

deavoured to show that the ancients exercised the same control over their colonies which has usually been exercised by the moderns. This tract called forth various answers; and seems to have given rise to the valuable work of St Croix, "De l' Etat et du sort des Anciennes Colonies." But without entering into the minutiæ of this controversy, it is obvious that the relations between a colony and its parent state will, in great measure, depend on the motives which led to the foundation of the former, and the mode in which it was founded. The colonies and factories of Carthage being, for the most part, intended to extend the empire as well as the commerce of the parent city, were planted by her orders and protected at her expense. Hence they were in no respect distinct or independent communities, but portions only of the Carthaginian dominions. And while they continued in this dependent state, the presumption is, that their trade would be subjected to such regulations as Carthage might choose to impose. And it has been said that the desire to grasp at exclusive privileges and advantages is so very natural, that the Carthaginians appear, above 2,300 years ago, to have adopted the greater number of the rules and regulations embodied in the colonial policy of modern times. In proof of this statement, we are referred to two treaties between Carthage and Rome, preserved by Polybius,[1] the first of which appears to have been entered into 510 years B.C. These treaties are remarkable for their brevity and clearness, as well as for the insight which they are supposed to afford into the commercial economy of the Carthaginians. Both of them breathe a jealous spirit, but the first is less illiberal than the second. It excludes all Roman ships from all parts of the coast of Africa, belonging to the Carthaginians and their allies, to the south of the Fair Promontory (*Candidum Promontorium*), forty-five miles north-west Carthage, excepting only the city itself. In the event of their being driven upon the prohibited coast by stress of weather, they were bound to depart within five days. Besides the city of Carthage, the Romans were allowed free access

[1] Hampton's Polybius, i. p. 311, ed. 1772.

to the ports of Africa west of the Fair Promontory; to Sardinia, and to those parts of Sicily which belonged to the Carthaginians. The treaty also exempted the commodities sold by the Romans from all tolls or imposts.

At the period when this treaty was concluded the Romans had few ships; and in allowing them to enter their harbours to the west of the Fair Promontory and in Sardinia, the Carthaginians conceded a privilege which they probably thought would be seldom exercised. Polybius supposes that the Carthaginians excluded the Romans from that portion of the coast to the south of the Fair Promontory, from a desire not to inflame their cupidity by allowing them to become acquainted with the fertile country round Byzacium and the lesser Syrtis.

The date of the second treaty is not specified, but probably it was about 347 years B.C.[1] It excludes Roman ships from nearly all the coast of Africa west from Carthage; from *Africa Propria*, excepting Carthage itself; and from the island of Sardinia. They are, however, admitted, as in the former treaty, to the ports belonging to the Carthaginians in Sicily. But nothing is said in regard to any diminution of duties in favour of the commodities sold or bought by the Romans.

The exclusion, in this treaty, of Roman ships from Sardinia, and from mostly all the ports of Africa except Carthage, has been said to afford a proof, not only of the Carthaginians assuming a right to regulate the trade of their dependencies, but of their policy in making Carthage a grand centre of their traffic, and obliging their colonists and other dependents to sell all their exports and buy all their imports in her markets.[2] But the foundation is much too narrow for so great a superstructure. There cannot, indeed, be a doubt that, when she had the power, Carthage regulated the interconrse with her dependencies, which she sometimes treated with such severity as to provoke their rebellion. There is, however, no proof, nor in

[1] This is the date given to it by Barbeyrac, "Histoire des Anciens Traitez," i. 222.

[2] Barron on the "Colonisation of the Free States of Antiquity," p. 14; Brougham's "Colonial Policy," i. 24.

fact any ground, for supposing that the exclusion of the ships of the Romans from *Africa Propria* and Sardinia was dictated by any wish to monopolise their trade. At the periods when these treaties were framed, there were other powers whose ships, for anything we know to the contrary, might be freely admitted into the ports from which the Romans were excluded. The grasping and warlike character of the latter, was well known to the Carthaginians. And the probability is, that their exclusion from the countries referred to was owing to reasons similar to those assigned by Polybius, that is, to a desire to hinder them from becoming acquainted with their capabilities, caballing with their inhabitants, and perhaps gaining a settlement on their shores. The ordinary policy of the Carthaginians is said, indeed, to have been characterised by an unusual degree of jealousy and suspicion. Without, however, laying much stress on this circumstance, which is perhaps little to be depended upon, we may safely conclude that, had they been able, they would have excluded the Romans from Sicily as well as from Sardinia. But while the commerce with the latter, owing to its barbarism and distance from Rome, was of little importance to the Romans, the civilisation, wealth, and proximity of Sicily, and the influence they had already obtained in it, would have made them reject any treaty which proposed to exclude them from any considerable portion of that island. All, therefore, that can be legitimately inferred from these treaties is merely that the Carthaginians were extremely jealous of Rome; and few will deny that, in this case at least, their jealousy was reasonable and well-founded.

The Grecian colonies differed very widely from those of the Carthaginians. They were, for the most part, founded without any assistance from their parent states, and frequently against their will, by private adventurers forced by the violence of adverse factions, or led by a wish to improve their condition, to seek foreign settlements. The mother cities did not attempt to exercise any sort of supremacy over them; nor, if they had, is there any likelihood that it would have been sub-

mitted to. But though politically independent, an intimate connection was generally maintained between the colonies and their parent cities. Their common origin, the identity of their religion, language, and institutions, gave rise to the same sort of union and friendship between the colonists and those from whom they were descended, that obtains in private life among allied families. In consequence, it seems to have been commonly held throughout Greece, that it was the duty of parent states to treat their colonists with parental kindness, and of the latter to look up to the land of their fathers with filial respect and veneration. And, conformably to this statement, we find that it was usual for colonists to yield the place of distinction, at public games and festivals, to deputies from their mother cities, who also enjoyed the privilege of first inspecting the entrails of the victims at sacrifices. Colonists were occasionally, also, in the habit of appointing a high priest of the mother city to preside over their religious solemnities; of sending offerings of first fruits to her gods; of requesting her to furnish them with an officer when they intended to establish a new settlement in a distant country; and sometimes, also, with a general to command their armies. And a variety of other observances and customs might be specified, serving to mark the deference which was usually entertained by colonists for their ancestors, and to maintain a friendly intercourse and good understanding between them.[1]

The most important of the reciprocal duties of mother cities and colonies had reference to the conduct of the one when the other was engaged in war. There is some discrepancy in the statements of historians and critics on this important point. And, in truth, there was nothing better than customary observances, which differed under different circumstances, on which to build a conclusion. On the whole, however, it seems sufficiently clear that colonies were considered as morally bound to assist their mother cities in war; not, however, as subjects, but as allies, on fair and

[1] See the Essay on the Origin and Privileges of Ancient Colonies, in Heyne's "Opuscula Academica," i. pp. 204-227.

equal terms. Colonies which declined to render this assistance were said, unless they could plead in excuse some very obvious or plausible reasons, to have committed a flagrant breach of duty. And the conduct of such colonies as, instead of assisting their mother cities, or remaining neuter, sided with their enemies, was stigmatised as impious, and offensive alike to gods and men. On the other hand, mother countries were held to be in duty bound to promote the interests of their colonists, and, if necessary, to support them with their arms. To fail in the performance of these important obligations was a serious offence. And hardly any provocation was thought sufficient to excuse a parent state in taking up arms against her descendants; this was regarded in the light of a Medea doing violence to her offspring.[1]

It would be easy to quote various examples in proof of these statements. It will, however, be enough to refer to the rupture between Corinth and her colony, Corcyra. The insular situation of the latter, and her attention to naval affairs, had raised her to a prominent place among the Greek states; and, elated with her power, she first neglected, and ultimately refused, to pay the usual marks of respect and deference to her mother city. Corinth, who felt hurt by this conduct, and who most probably, also, had become jealous of her naval power, resolved to chastise Corcyra for her presumption. An occasion for her interference speedily presented itself. Epidamnus,[2] a colony of Corcyra, on the coast of Epirus, being hard pressed by the Illyrians, applied for assistance to her parent city. But the distress and supplications of their descendants having failed to induce the Corcyræans to interpose in their behalf, they sent ambassadors to Corinth to solicit that assistance from their remote, which had been refused by their immediate, ancestors. The Corinthians readily granted their request; and sent, without delay, an armament to Epidamnus, in the view, not merely of defending that city against the barbarians, but of detaching it from the interests of Corcyra.

[1] Bougainville, Sur les Colonies, p. 84, etc.

[2] Afterwards Dyrachium, and now Durazzo.

The Corcyræans, indignant at the Corinthians having presumed to interfere in the affairs of their colony, immediately resorted to arms. And having defeated the fleet of Corinth in an obstinate engagement, they recovered possession of Epidamnus. During the two years following this event, the Corinthians laboured with the greatest diligence, by equipping a fleet and securing allies, to acquire the ability to punish the impious audacity, as they termed it, of their rebellious children. The Corcyræans, who foresaw the approaching storm, made every effort to meet it. And being aware of the latent enmity existing between the Athenians and the Corinthians and their allies, they resolved to send an embassy to the former to solicit their support. The Corinthians having learned or suspected their intention, the Corcyræan envoys were met at Athens by others from Corinth sent to expose and frustrate their schemes. And as all matters of importance were discussed in public, both parties were allowed a hearing in the assembly. Thucydides has preserved the speeches made on this occasion, or rather he has given, in speeches ascribed to the envoys, a summary of the arguments which they probably employed.[1]

But on this, as on most similar occasions, the speeches made to the assembly were principally directed to show, on the one hand, the advantages the Athenians would gain; and, on the other, the hazards they would encounter, by engaging in the contest as allies of Corcyra. The circumstances in which it originated, and the principles of colonial policy which it involved, were regarded as of inferior importance. They were not, however, wholly lost sight of; and the notice taken of them throws some light on the reciprocal claims and duties of colonies and their mother cities.

The Corcyræans, who spoke first, contended, among other things, that the Athenians could not be accused of injustice if they interfered in their behalf. They admitted that colonies, when treated with kindness, were bound to honour and respect their mother states; but that, when injuriously treated, they were justly alienated. Colonists, they said, were not sent out

[1] Lib. i.

to be the slaves, but the equals of those who remained behind; and they protested that the violence and injustice of the Corinthians were evinced by their refusing to submit the question in regard to Epidamnus to arbitration.

The Corinthians, in their reply, did not attempt to controvert the principles laid down by their opponents. They pleaded that they had not sent colonists to Corcyra to be ill-treated by them, but that they might continue in lawful dependence, and give them due honour and reverence; that their other colonies willingly showed them every mark of duty and respect; that the perverse and unjustifiable conduct of the Corcyræans was evident, from their having renounced their allegiance, and taken up arms against their parent city; that even had the latter been in the wrong, the Corcyræans should have averted her anger by condescension; and that their outrageous conduct was to be ascribed to their pride and the insolence of wealth.

It is evident, from these statements, that the relation between the mother countries and their colonies in the Grecian world was vague in the extreme. It consisted of rights and obligations, on the one side and the other, to which custom and public opinion had given a sort of sanction. But as these were neither defined by treaties, nor fixed or regulated by any public law, they admitted of every variety of interpretation, and might be made to suit the views either of those who wished to strengthen, or of those who wished to relax, the dependence of the colonies. In this case, the Athenians decided in favour of Corcyra. But the wish to secure the alliance of a people who, besides being very powerful at sea, were most conveniently situated either for trade or war with Sicily, and not the justice of her quarrel with Corinth, most probably made them decide in her favour.

Mr Barron has attempted to show, from the example of Athens after the Persian war, that the states of Greece were in the habit of laying taxes on their colonies. But, independently of the circumstances already mentioned, which show that no such power belonged to the mother countries,

or was exercised by them, everybody knows that the taxes in question originated in voluntary payments made to Athens as head of the league, by the Greek states confederated to protect themselves against the Persians. The treasure was at first kept in the central and sacred island of Delos. And though it be true that the Athenians, who had the ascendancy amongst the allies, were not long in perverting it to purposes of their own, that abuse did not alter the source or the original character of the contribution. It was set on foot by independent states, was paid into a common fund, and appropriated to a common object. And when this object was abandoned, and its payment was enforced by Athens, as if it had been a tribute legitimately due to her, she exacted it with the same rigour from states who were not, as from those who were, her colonies. Nor, when reproached with this unwarrantable conduct, had she anything better to allege in its excuse than the maxim, which though often acted upon is but seldom avowed, that it was the will of the gods that the weaker should in all cases submit to the stronger party!

It is plain from these statements, that the Grecian system of colonisation was entirely different from that of the moderns. Attempts were rarely, if ever, made by mother countries to interfere in the domestic affairs of their colonies. The commercial intercourse of the latter with other states was not subjected to any species of restraint but such as they might themselves impose. They had full liberty to make peace or war; and to contract offensive and defensive alliances with all countries which did not happen to be, at the time, in a state of hostility with their metropolis. Neither was there any positive law or institution to debar them from the exercise of this latter power. But it was opposed to the prevailing sentiment of the Grecian world. And except in a few anomalous instances, colonies were ranked amongst the allies of their parent states.

The Roman colonies were formed in a very different manner, and for very different purposes, from those of any other people of antiquity. Their foundation was not left to

private adventurers, but was in all cases determined by the government at home, after a careful consideration of the circumstances. The Romans were the only ancient people who acted towards their vanquished enemies on the principles of an enlarged and liberal policy. And their extraordinary success is not more, perhaps, to be ascribed to their disciplined valour, and invincible constancy of purpose, than to their moderation. "What else," says Tacitus, "occasioned the ruin of the Lacedæmonians and Athenians, notwithstanding they excelled in arms, except that they treated those they conquered as strangers and enemies?" And he adds, that the ascendancy of the Romans had resulted from their adopting, from the foundation of the city, a totally opposite policy; from their endeavouring to conciliate those they had subdued, and raising them to the rank of Roman citizens.[1] And this is no flattering or exaggerated representation. Instead of attempting to enslave or exterminate the nations they subjugated, or irritating them by oppression and ill-treatment, the Roman legislators laboured to attach them to their interests, by showing them kindness, admitting them to a participation in many important privileges, and impressing them with a conviction that their well-being was identified with that of Rome. In the earlier ages of the republic some of the conquered states coalesced with, and became portions of, the Roman people. But after they had extended their conquests beyond the confines of Latium, some restrictions were laid on the privileges of the newly-associated or subdued citizens. Those who, by a ready submission to their arms, deserved the highest favours, were formed into *municipia*, or civic communities, which most commonly retained their ancient laws and institutions, in so far as these were not inconsistent with the supremacy of Rome. Sometimes, however, the *municipia* renounced their own laws

[1] Annal. lib. xi. cap. 24. Cicero is equally decisive:—"Illud vero sine ulla dubitatione maxime nostrum fundavit imperium, et populi Romani nomen auxit, quod princeps ille, creator hujus urbis, Romulus, fœdere Sabino docuit, etiam hostibus recipiendis augeri hanc civitatem opportere; cujus auctoritate et exemplo nunquam est intermissa a majoribus nostris largitio et communicatio civitatis."—*Pro Balbo*, cap. 13.

to adopt those of the Romans, and being admitted into their tribes, had free access to the highest offices and honours.

Those parties who entered into alliances with Rome, were termed *socii*, or allies. They preserved, in so far as regarded their private and local affairs, a considerable portion of their previous independence. But in all matters of public or general importance, they were obliged to submit to the mandates of Rome, the senate fixing the number of troops and the amount of taxes they were bound to contribute to the army and the treasury of the commonwealth. On the whole, however, they were treated for a lengthened period with great moderation. And the good effects of this policy were strikingly displayed during the Carthaginian invasion. Notwithstanding his decisive victories, Hannibal did not succeed in gaining over one of the allies of Rome. Having, says Livy, been governed according to the dictates of justice and moderation, nothing could detach them from our interests; "*nec abnuebant*," he adds, "*quod unum vinculum fidei est, melioribus parere.*"[1]

But it is of importance to observe that the practical influence of this wise and generous policy depended in great measure on the way in which it was carried out. In the earlier ages of the republic, and down to the destruction of Carthage, the generals and other officers were mostly actuated in their conduct towards the allies and subjects of Rome by the same enlightened and liberal views that pervaded the policy of the state. But at a later period, after the old Roman simplicity and purity had given way to refinement and corruption, the treatment of allied and subjugated nations was sadly changed for the worse. The proconsuls, prætors, quæstors, and other provincial rulers, being necessarily invested with very extensive powers, over which there was no efficient check or control, very frequently perverted them to the advancement of their own selfish ends; and did not scruple to practise every sort of extortion, and to connive at and perpetrate every abuse.

[1] Lib. xxii. cap. 13.

In the earlier periods of the Roman history, a people who had made a determined opposition to their arms, were usually, on being conquered, muleted of some portion of their lands, which was, either wholly or in part, assigned to a colony from Rome. The Romans did not erect fortresses to keep their subjugated foes in check; for these would have been expensive to garrison and maintain; and might, had they fallen into the hands of their enemies, have given them means of protection and defence. They adopted the wiser and more politic plan of establishing, in the conquered countries, colonies of Roman citizens, whose property and even existence depended on the support and ascendancy of Rome. These have been truly described by Cicero as the *propugnacula*,[1] or bulwarks of the state. At first they consisted only of small bodies of men, and were usually placed in the principal towns taken from the enemy. And agreeably to the spirit of the age, the allotments of land which were made for their support, were very limited indeed.[2] But in the course of time, these early practices were greatly modified, the colonies sent out being much larger, their locality not being confined to towns, and the lands assigned to each colonist being more extensive. By associating and dealing with the inhabitants of the districts in which they were planted, the colonists diffused a knowledge of their language, arts, and religion. The native population were thus insensibly led to forget their ancient independence, to contract a reverence for the Roman name, and a desire of sharing in its honours and advantages.

It was formerly said of the English established in Ireland, that in no long time they became more Irish than the Irish themselves (*Hibernis ipsis hiberniores*). And it may, perhaps, be thought surprising that something similar did not happen in the case of the Roman colonists; and that, in the end, they did not identify their interests with those among whom they dwelt and were intimately connected, rather than with the distant city from which they were, perhaps remotely, descended. But with the exception of the one planted in Velitræ, the old

[1] Agrar. ii. cap. 27.

[2] Niebuhr, ii. p. 48. Eng. Trans.

capital of the Volsci, which espoused the cause of the Latins, none of the colonies of Rome appear to have renounced their allegiance, or taken part with her enemies. And nothing can show better than this, how skilfully they had been adapted to their grand purpose of bridling those among whom they were established.[1]

The liberality of the senate and people of Rome did not, however, keep pace with the eagerness of the allied and dependent states to obtain a complete participation in the rights and privileges of Roman citizens. They consequently endeavoured to extort by force what they could not obtain from the measured generosity of their masters; and, after a violent contest, they succeeded in their object. The Social War was terminated, 90 years B.C., by the famous Julian law which conceded the freedom of the city, first, to the allies who had remained faithful to Rome, and soon after to the whole of Italy.

"From the foot of the Alps," says Gibbon, "to the extremity of Calabria, all the natives of Italy were (henceforth) born citizens of Rome. Their partial distinctions were obliterated, and they insensibly coalesced into one great nation, united by language, manners, and civil institutions, and equal to the weight of a powerful empire. The republic gloried in her generous policy, and was frequently rewarded by the merit and services of her adopted sons. Had she always confined the distinction of Romans to the ancient families within the walls of the city, that immortal name would have been deprived of some of its noblest ornaments. Virgil was a native of

[1] On the suppression of the final revolt of the Latins, Velitræ was very severely dealt with. Its walls were pulled down, its lands confiscated, and its inhabitants banished beyond the Tiber. (Liv. lib. viii. cap. 14.) During Hannibal's invasion of Italy, some of the Roman colonies declined, on pretence of inability, to furnish farther supplies of men and money. This indifference to the common cause was overlooked at the time. But after the defeat of Hannibal, the offending cities were glad, by promptly furnishing the increased supplies which were then demanded, to avert the severe castigation with which they would otherwise have been sure to be visited. (Liv. lib. xxix. cap. 15.)

Mantua; Horace was inclined to doubt whether he should call himself an Apulian or a Lucanian; it was in Padua that an historian was found worthy to record the majestic series of Roman victories. The patriot family of the Catos emerged from Tusculum; and the little town of Arpinum claimed the double honour of producing Marius and Cicero, the former of whom deserved, after Romulus and Camillus, to be styled the third founder of Rome, and the latter, after saving his country from the designs of Catiline, enabled her to contend with Athens for the palm of eloquence." [1]

The establishment of colonies, destined to consolidate and strengthen the foundations of so great an empire, was obviously a matter of high public interest. It was usual to select the most distinguished citizens to conduct the colonists to their destination. Caius Gracchus, when tribune of the people, and all-powerful at Rome, was appointed, on his own solicitation, to lead a colony to Carthage; and Pompey was one of the commissioners chosen to distribute the deserted lands of Campania amongst new settlers.[2] When the establishment of a colony was resolved upon, a law was passed, giving it a name, specifying the number of settlers of whom it was to consist, and the extent of land to be assigned to each. Those disposed to join in the emigration sent their names to the commissioners for the colony. If more volunteers came forward than were required, it was decided by lot who should be preferred. But as emigration, in the case at least of civic colonies, was a voluntary and not a compulsory act, when colonies were projected which were not supposed to hold out any very inviting prospects, it was sometimes difficult to find the requisite number of volunteers.[3] When, however, the lists had been filled up, and other preparations made, the commissioners conducted the colonists to the territory on which they were to settle, distributed the lands amongst them, and assisted them in establishing a government.

[1] Decline and Fall, cap. ii.

[2] Beaufort, "Republique Romaine," ii. 238, 4to.

[3] Smith's "Dictionary of Antiquities," art. "Colonia."

This, as might be expected, was closely modelled on that of Rome. The colonists had the same laws, magistrates, religion, and fêtes. The image of the metropolis was reflected in her colonies, throughout every part of her vast empire.[1] The regulation of their civil affairs, in so far as these did not interfere with the public policy of the state, was left to the colonists. They passed such local acts as were necessary for the administration of justice, and inflicted such punishments on crimes as their peculiar circumstances seemed to require; but in all matters of importance they were subject to the superior and controlling authority of Rome. Many of their principal functionaries were sent from the capital. They supplied troops to the legions, and taxes to the imperial treasury. And the orders of government were as promptly obeyed in them as in the city itself.[2]

A distinction is frequently made in the ancient writers between Roman and Latin colonies. The former were wholly formed of Roman citizens; while the latter consisted either wholly of emigrants enjoying only the privileges accorded to the Latins, or partly of them, and partly of Roman citizens by whom they were joined. Inasmuch, however, as these auxiliaries renounced by this junction their distinctive privileges, it is probable that they generally belonged to the poorest class, and were attracted to the colony by a wish to share in the lands to be distributed among the settlers. The object of both descriptions of colonies was the same. And though they differed in some particulars, especially in regard to the rights and franchises of the colonists, they were sufficiently alike to warrant our considering them in the same point of view. After the Julian law, all distinctions between them were obliterated.

The colonists were in most respects Roman citizens. But previously to the Julian law, they have been supposed to have lost, so long at least as they continued to reside in the colonies, the right of voting in the assemblies at Rome, and

[1] "Effigies parva simulacraque populi Romani."—*Gellius*, lib. xvi. cap. 13.

[2] Barron's "Colonisation of Free States," pp. 84, 85.

of being elected to public offices in the city. This, however, is a very doubtful point; and some able critics contend that the loss of the suffrage affected the Latin colonies only, and not the Roman; while others, including Sigonius, with Spanheim, Beaufort, Barron, etc., have endeavoured to show that it affected the latter as well as the former. Practically, indeed, the question is of little importance, for, owing to the distance of most colonies from Rome, their right of suffrage in the assemblies of that city, supposing the colonists to have enjoyed it, could be rarely exercised, and consequently of only trifling value. When, however, the allies had been admitted, in virtue of the Julian law, to the freedom of the city, the same privilege was conceded, as a matter of course, to all descriptions of colonists.

Though it could no longer be denied, and was in some respects advantageous, the abolition of all distinctions between the colonists and other inhabitants of Italy, and the citizens of the metropolis, virtually terminated the old republican constitution. The Romans being practically unacquainted with the principle of representation, their public assemblies latterly degenerated into mere mobs. And from this time forward, any rich or powerful individual was able, by bringing up crowds of dependent voters from the adjoining towns and districts, to swamp those that were independent, and to exercise a paramount influence over the Assembly.

Livy mentions that previously to the second Punic war, about thirty colonies had been established in Italy; and there are good grounds for thinking that this number is considerably within the mark. Subsequently, however, to this contest, the senate seems to have become rather indisposed to found new colonies, and but few were established during the century which preceded the subversion of its power. The reasons for this growing dislike to colonisation seem pretty obvious. The supremacy of Rome had been fully established in all parts of Italy; and as every new colony received a grant of a greater or less extent of those public lands which furnished the larger portion of the national revenue, it tended in so far to impoverish the treasury. Cicero repeatedly complains, on

the ground now stated, of the distribution of the public lands of Campania, on which Julius Cæsar settled twenty thousand colonists. "Taxes," he observes, "being abolished in Italy, and the lands of Campania alienated, no public revenue is left except the 5 per cent. duty on the sale of slaves."[1] Colonies might, no doubt, have been settled beyond the confines of Italy, in Sicily, Spain, Macedonia, etc. But the senate does not seem to have approved of such a line of policy; for, with two exceptions only,[2] no Roman colonies were established in the extra-Italian provinces during the republican government.

According to Velleius Paterculus, the senate declined to found colonies elsewhere than in Italy, lest they might become too powerful; and be tempted, by their distance from Rome, and the example of Carthage, Marseilles, and Syracuse, to throw off all dependence on their metropolis.[3] And though it may have been unfounded, this apprehension was far from unreasonable. But under the emperors a different policy was followed. Rome had then become so powerful that she had nothing to fear from the defection of any colonies, however flourishing, and they were therefore multiplied on all sides. Julius Cæsar is said to have established upwards of 80,000 individuals in settlements out of Italy. He rebuilt Carthage and Corinth; and founded various colonies in Gaul, Spain, Macedonia, Asia Minor, and Syria. His successors followed his example. But their policy led them to establish colonies, in preference, on the frontiers of the empire, under the protection of the legions quartered in their vicinity, to whom, on their part, they were able to render important services.[4]

There were nine colonies in Britain; of which, exclusive of London, Bath, Gloucester, Chester, and Lincoln, still remain considerable cities.

During the flourishing period of the republic, the colonists

[1] Ad. Att., lib. ii. Ep. 16.
[2] Aix and Narbonne, both in Gaul.
[3] Lib. ii. cap. 15.
[4] Beaufort, ii. 258.

were chiefly selected from among the lowest and poorest classes of citizens. But during its decline, and under the emperors, colonies were most commonly formed of troops who had received their discharge. From the contest between Marius and Sylla, down to the final ascendancy of Augustus, the civil wars which raged in every quarter of the Roman dominions were more numerous than those with barbarians, and incomparably more bloody and destructive. The leaders engaged in these suicidal struggles had no means of attaching or rewarding the bravery and devotion of the legions who supported their cause, except by a wholesale system of pillage. Whichever party was victorious, the result involved the confiscation of the property of their opponents, and its distribution among their own adherents. And while thousands of disbanded soldiers occupied the lands from which their former possessors had been violently ejected, they secured the obedience of the adjacent districts, and were ready, on any emergency, to crowd to the standards of their generals and benefactors. Sylla is said to have introduced this practice. His confiscations were on the widest scale, including whole cities and states. On lands so acquired, principally in Etruria, he is said to have at one time settled no fewer than twenty-three legions, which can hardly be estimated at less than 138,000 men. Julius Cæsar, and the triumvirs Octavius, Anthony, and Lepidus, followed the same plan. And after the battle of Actium made Augustus master of the Roman world, he proscribed most citizens of consideration who had been attached to the party of his rivals, and went far to extirpate the inhabitants of various districts of Italy. His confiscations were not, however, confined to the latter. And the vacant spaces both in the Peninsula and in the provinces, were re-peopled by the legions whose exertions had raised him to supreme power, and on whose fidelity he could safely depend. The organisation of these colonies did not differ materially from those by which they had been preceded, except that it was more entirely military.

But though admirable as contrivances for perpetuating the power and influence of the founders, in most other respects the military colonies were extremely prejudicial. The confiscations

by which they were preceded, and the prospect of sharing in which filled the ranks of the contending armies, diffused in all quarters a sense of insecurity, paralysed all sorts of industry, and were especially ruinous to agriculture. The verses in which Virgil laments the evils inflicted on the expatriated inhabitants of the district round Mantua, where Augustus established a military colony, might have been repeated in most parts of Italy :—

> " Impius hæc tam culta novalia miles habebit ?
> Barbarus has segetes? En quo discordia cives
> Perduxit miseros! en queis consevimus agros!" [1]

And after the old inhabitants had been forcibly removed, their place could not be said to be filled by the troops to whom their lands were assigned. The latter, who frequently belonged to distant countries, habituated to war and bloodshed, and to all manner of excesses, were about the least fitted to become useful colonists. Not a few of them, indeed, voluntarily abandoned their possessions, while others sold them to those who supplied their place with slaves. It is difficult to exaggerate the irreparable injury which was done to Italy by this system. Those large pastoral estates, and that slave-cultivation, which had so powerful and so deleterious an influence over Italian husbandry and population, may be principally ascribed to the confiscations and the military colonies of Sylla and his successors.

It is evident from this brief sketch of the ancient system of colonisation, that with the exception, perhaps, of those founded by the Carthaginians, none of the colonies of antiquity bore any considerable resemblance to those of modern times. The Greek colonies were in every essential particular really independent. The mother cities did not presume to interfere in their internal affairs; and the connection which subsisted between them, was limited to an intercourse of good offices—to a demonstration of respect and

[1] Ecl. i. lin. 71.

attachment on the one hand, and of regard and protection on the other. The Roman colonies again were held in the strictest dependency upon, and subjection to, Rome. The Roman maxim was, *Colonia nudum instrumentum est populi mittentis, et migrat non ut cives esse desinant sed ut alibi habitent; indeque manent sub potestate et imperio mittentium.* They were not established that they might become independent, but that they might help to extend and consolidate the empire of which they formed the bulwarks. They were, in fact, military stations, garrisons employed to ensure the subjection of conquered provinces. They received their orders from Rome, and in all cases yielded a ready obedience to her commands. But there is no evidence to show, or reasons for thinking, that she ever troubled herself about their trade. She left them to deal on their own terms with those with whom they chose to maintain an intercourse.

SKETCH

OF

THE LIFE AND WRITINGS

OF

FRANCIS QUESNAY.

Francis Quesnay, though a physician of considerable eminence, is chiefly known as an ingenious inquirer into the constitution of society, and as the founder of the sect of the Economists.

Unlike that of most literary men, the life of this distinguished person abounded in incident and adventure. But the information respecting it is meagre and contradictory. Neither the place of his birth, nor the condition of his parents, is well ascertained. The accounts apparently most entitled to credit state that he was born at the village of Ecquivilly, in the Isle de France, in 1694; and that his father was a labourer, or, more probably, a small proprietor, who cultivated his own little property.[1] His humble origin is indeed evident from

[1] It is stated in the *Eloge Historique* of Quesnay, in the "Memoires de l'Academie des Sciences" for 1774, that he was the son of an *advocat en Parlement*, who practised at Montfort, and that he was born at Merey. But it is difficult to suppose, had his father been in such a station, that his education should have been so entirely neglected. In the brief but interesting notice of Quesnay, given by Mr Crawfurd, in a note to the Journal of Madame du Hausset, waiting-maid of Madame Pompadour,

the fact, mentioned by all his biographers, of his early education being almost entirely neglected, and of his having reached his fourteenth or sixteenth year without having been either sent to school or taught to read. But though placed in such unfavourable circumstances, young Quesnay was imbued with an ardent love of knowledge, and a strong desire to emerge from the obscure station in which he was placed. He is said to have learned to read the "Maison Rustique" of Liebaut, the first book that came into his hands, by the assistance of a few lessons which he received from a gardener of the village. Its perusal, which seems to have had a material influence over his future studies, awakened his latent powers, and stimulated him to make further efforts to obtain information. Having acquired a competent knowledge of his vernacular tongue, by the eager reading of such French books as came within his reach, he next applied himself to the study of the learned languages; and he attained, partly by the slender assistance of a self-dubbed surgeon of the village, but chiefly by his own industry, to a tolerable proficiency in Latin and Greek.

Having resolved, in opposition to the wishes of his parents, to devote himself to the profession of surgery, Quesnay received the rudiments of his instruction in that art from the village doctor who had assisted him in his philological studies. But the pupil very soon surpassed the master; and when the latter applied to be admitted into the *Maitrise*, or Corporation of Surgeons, he presented, as evidence of his skill in his profession, some Essays which Quesnay had written, and which were received with much applause. The latter was not aware of this trick; but soon after its occurrence he left his paternal village, and set out to prosecute his studies at Paris. We are not informed how he supported himself in that city, nor how long he remained there. While, however, his industry and

and *chere amie* of Quesnay, in the "Melanges d'Histoire et de Literature" (p. 276), he is said to have been the son of a labourer. This is also the statement of the "Encyclopedie Methodique." According to the notice prefixed by Dupont to the *Eloge* of M. Gournay in the third volume of the "Œuvres de Turgot," Quesnay was the son of a peasant-proprietor.

zeal enabled him to make great progress in his studies, his merit and modesty procured him several friends. Besides attending the prelections on the various branches of surgery, and the different hospitals, he found leisure to devote some portion of his time to metaphysical researches and the study of philosophy, for which the perusal of the "Recherche de la Verité" of Malebranche had given him a taste. Nay, such was his vigour and versatility, that having accidentally met, during his stay in Paris, with M. Cochin, of the Royal Academy of Painting, he put himself under his tuition. And we are told that he profited so well by the few lessons he received, as to be able not only to take remarkably good likenesses, but to design and engrave the various bones of the human skeleton, in a manner which would not have discredited the most skilful artists!

On finishing his studies at Paris, Quesnay resolved to establish himself as a surgeon in Mantes, a considerable town in his native province, and presented himself to the surgeons of its corporation for examination. But they refused, perhaps from jealousy of his talents, to admit him to trial. He was thus laid under the necessity of returning to Paris, where he passed his examinations with éclat; and received, in 1718, letters ordering him to be admitted into the Corporation of Mantes.

After his establishment at the latter, his reputation soon extended itself. He was employed by some of the first families of the neighbourhood, and, among others, by that of the Duke of Villeroi, who persuaded him to leave his residence in the country, and to accompany him to Paris as his surgeon, as nearly as we can collect, in 1729 or 1730. An incident not long after occurred, which had the most material influence over his future prospects and life. Having accompanied the Duke to the house of the Countess d'Estrades, he continued in the carriage while his Grace left it to pay his respects to her Ladyship, who, during the interview, was seized with an epileptic fit. Quesnay being called in, and perceiving the nature of the attack, with singular presence of mind immediately ordered the Duke and the attendants out of the room,

and managed so well as to succeed in concealing the malady. The Countess was so much pleased with this dexterity and address, that she lost no time in recommending Quesnay to her all-powerful friend, Madame d'Etioles, afterwards Marchioness of Pompadour. The latter made him her physician; and, besides apartments at Versailles, obtained for him, in 1737, the place of Surgeon in Ordinary to the King.[1]

Quesnay was shortly after appointed Secretary to the Royal Academy of Surgery, established in 1731. In addition to several articles on particular branches of Surgery, he contributed the preface to the first volume of its Memoirs; which has always been reckoned peculiarly valuable for its able and discriminating observations on the uses of theory and observation, and on the assistance which they reciprocally lend to each other.

Being from an early period a martyr to the gout, and, in consequence, ill fitted to act as surgeon, Quesnay took the degree of Doctor of Medicine in 1744. He was soon after appointed, through the influence of his fair patroness, consulting physician to the king, Louis XV. In this capacity he attended his majesty in the campaigns of 1744 and 1745; and, amid the distractions of a camp, collected and prepared the greater part of the materials for his "Treatise on Fevers," published in 1753.

His appointment as Physician to the King was preceded by the grant of letters of nobility, issued on the recovery of the Dauphin from the small-pox. Louis, who was much struck with the justice and solidity of Quesnay's remarks, with whom he was in the habit of conversing on various subjects, familiarly called him *son penseur*, and gave him, in allusion to this title, three pansey flowers (in French pensées) for his arms, with the motto *propter cogitationem mentis*.

The leisure Quesnay now enjoyed, enabled him to prosecute his studies with greater assiduity. In 1747, he republished an enlarged edition, in three volumes, 12mo, of his "Essai

[1] This incident is related by Crawfurd, "Melanges," p. 276. and is referred to by Marmontel.

Physique sur l'Economie Animale," originally published in 1736. In 1748, he published, in 12mo, an "Examen impartiel des Contestations des Medecins et des Chirurgiens de Paris," which was followed, in 1749, by an "Histoire de l'Origine et des Progrès de la Chirurgie en France," in 4to, and by two separate treatises, in 12mo, on Suppuration and Gangrene. In 1750, he republished his "Traité des Effets et de l'Usage de la Saignè," written during his residence at Mantes, and originally published in 1730; and, in 1753, he published a "Treatise on Continuous Fevers," in two volumes, 12mo.

These works have been held in high estimation. An excellent judge has given it as his opinion, that "the Traité de la Gangrene is by far the most valuable publication which we yet possess upon this subject." "Every page of this work," he adds, "is distinguished by the same talent for accurate observation and perspicuous arrangement, which are so remarkable in all the other writings of this celebrated author."[1]

The "Traité des Fievres" was the last of Quesnay's professional works. He appears to have henceforth comparatively abandoned his medical studies. At no period, indeed, had he allowed them exclusively to occupy his attention; and he now devoted himself, in preference, to other and not less interesting inquiries. He had always entertained a strong predilection for agricultural pursuits, the effect, perhaps, of his situation in early life. And this, combined with the speculative and metaphysical cast of his mind, seems to have led him to those peculiar notions respecting the paramount importance of agriculture as a source of wealth, and the constitution of society, which have rendered his name so celebrated in economical science. The articles "*Fermier*" and "*Grains*," in the "Encyclopedie," published in 1756 and 1757, contain the earliest development of his views on this subject. They are ably written, and display great powers of analysis. In the article "*Grains*," the distinction between gross and

[1] Dr Thomson's "Lectures on Inflammation," p. 502.

nett produce (*produit total* and *produit net*), between the productiveness of agriculture and the supposed unproductiveness of all other employments, the superior advantageousness of commercial freedom, and most of the other leading principles in the theory of the Economists, are laid down and illustrated with much ingenuity and talent. The "TABLEAU ECONOMIQUE," and the "Maximes Générales du Gouvernement Economique," annexed to it, under the title of "Extraits des Economies Royales, de M. de Sully," were printed, by command of the king, at Versailles in 1758. On the title-page is the following rather remarkable motto for a work brought forth at such a place and under such auspices: "Pauvres paysans, pauvre royaume; pauvre royaume, pauvre Souverain!" The maxims, which contain a short and comprehensive abstract of the economical system, were reprinted, with an analysis of the Table, and a selection from various articles, contributed by Quesnay to the "Journal d'Agriculture" and the "Ephemerides du Citoyen,"[1] in the collection of his economical works, entitled "Physiocratie, ou Constitution Naturelle du Gouvernement le plus Avantageux au Genre Humain," edited by his friend and scholar, Dupont, in 1767.

We have elsewhere entered at considerable length into an examination of the speculations of Quesnay and his followers, with respect to the constitution of political societies, and the

[1] The "Ephemerides du Citoyen" was begun in 1767, and was, for a few months, conducted by the Abbé Baudeau, and then by Dupont. It was published monthly, and two numbers make a considerable duodecimo volume. The authors were all disciples of Quesnay, and zealous economists. Their discussions embraced only the moral and political sciences; many branches of which they have treated with much ability and acuteness. There is a valuable *Eloge* of Quesnay in one of the numbers for 1775, written by the Comte d'Albon. The following extract from the approbation given by the Censor to the third number for 1770 is curious: "J'exhorte de nouveau les auteurs de ce Journal, à resister à la tentation de critiquer. Le bonheur du citoyen tient à sa confiance. On peut et l'on doit quelquefois avertir en secret ceux qui sont preposés à l'administration. Mais on ne doit prêcher aux particuliers que leur propre reforme, et non celle de l'etat."

sources of public wealth.[1] It cannot be doubted, that they are in many respects erroneous. There is, indeed, no foundation whatever for the distinguishing feature of their system, or for the supposition, that manufactures and commerce add nothing to the wealth of nations, and that agriculture is the only productive employment. But it must, notwithstanding, be acknowledged, that their works embody many novel, just, and discriminating views of the nature and constitution of society, and the sources of wealth. Probably, however, the principal merit of Quesnay and the sect of which he was the founder, does not consist so much in the discoveries they made, as in their having been among the earliest philosophers who distinctly perceived that the institutions of society should harmonise with the natural principles on which it is founded, or, as they termed it, with the *Ordre naturel et essentiel des Sociétés Politiques*. Economical science is, they said, "*l'etude et la demonstration* DES LOIX DE LA NATURE, *relatives à la subsistence, et la multiplication du genre humain.* L'observation universelle de ces loix est l'interet commun et general de tous les hommes. La connaissance universelle de ces loix est donc le preliminaire indispensable, et le moyen necessaire du bonheur de tous."[2] It is to be regretted that, in investigating these laws, they proceeded too much on abstract and speculative principles, without sufficiently attending to the disturbing effects of existing institutions, associations, and habits. But, despite the defective mode in which they conducted their researches, they succeeded in establishing various important principles; and there is, at least, as much reason to admire the correctness of many of their conclusions, as to feel surprise at the errors into which they fell. According to Quesnay and his disciples, society is formed for the purpose of procuring the greatest advantage to its members; the security of property and the freedom of industry are its basis: the business of the legislator is not, they said, to regulate the pursuits of individuals, but to protect their equal rights and

[1] Principles of Political Economy, Fourth Edition, p. 44, etc.; and Principles of Taxation, Second Edition, p. 50.

[2] Ephemerides, du Citoyen, 1769, No. II. p. 13.

liberties, and to secure the perfect freedom of competition in all departments of industry.[1] And though it be true, that most part of these principles had been pointed out by previous writers, Quesnay and his school were the first who showed their dependence on each other, who presented them in a systematic form, and who also showed the injustice and impolicy of the institutions which ignorance or mistaken views of national interest had established in opposition to them.

It is needless to make any remarks on the exploded notion of Quesnay with respect to agriculture being the only source of wealth, or on his project for consolidating all taxes into a single tax (*l'impôt unique*), to be laid directly on the land! This extraordinary, and in truth impossible project, necessarily, indeed, resulted from the principles of his system; and it is singular, that it did not make him suspect their solidity. We may add that the legal despotism in the hands of an hereditary monarch, without limitation or check of any kind, which he strangely supposed was the best of all governments, is shown by the experience of all ages and countries to be about the very worst.[2]

Notwithstanding his great age, and the sufferings resulting from almost incessant attacks of gout, the activity of Quesnay's mind continued unimpaired. He contributed, subsequently to the publication of the "Physiocratie," various articles to the "Ephemerides du Citoyen;" and continued wholly occupied with these studies and mathematics, to which he latterly paid considerable attention, till his death, which took place at Versailles in December 1774, in the 80th year of his age.

[1] Qu'on maintienne l'entiere liberté du commerce; car la police du commerce intérieur et extérieur la plus sure, la plus exacte, la plus profitable, à la nation et à l'état, consiste dans la pleine liberté de la concurrence.—*25th Maxim.*

[2] Chalmers affirms (Biographical Dictionary, Vol. xxv. Art. Quesnay), that the "Economists abused their influence by circulating democratical principles!" No statement could be more inaccurate. It would be quite as correct to say, that Locke and his followers abused their influence. by circulating despotical principles.

Quesnay possessed inflexible integrity, a nice sense of honour, and the greatest prudence and discretion. Though highly esteemed by the king, and long resident at court, he never intermixed in the intrigues of which it was the theatre. None ever scrupled to express themselves freely in his presence, and this confidence was never betrayed. "Il recevoit chez lui des personnes de tous les partis, mais en petit nombre, et qui toutes avoient une grand confiance en lui. *On y parloit tres hardiment de tout; et ce qui fait leur eloge et le sien, jamais on n'a rien repèté.*"[1] He was one of the handsomest men[2] at court; and combined the utmost frankness and sincerity, with the address and manners of a courtier, and the intelligence of a philosopher. Though little solicitous of distinguishing himself, he was careful not to offend the self-esteem of others. His conversation was animated, without any effort at brilliancy. So much, indeed, was he averse to every appearance of pretension, that he was in the habit of veiling the most profound remarks and observations under the form of apologues, which generally referred to some subject connected with rural affairs, to which he was always particularly attached. He was most indulgent to the faults and errors of others, provided they were unalloyed by any taint of artifice or baseness, for which he never hesitated, whatever might be the rank of the party, to express his contempt. Quesnay was truly a patriot and a philosopher. And it would be difficult to point out another instance of one who, having lived so long in a profligate and luxurious court, unsullied by its vices, and aloof from its contentions, preserved to an extreme old age all those generous and kindly feelings, with that unobtrusive but ardent zeal in the cause of humanity, and that love of speculation and inquiry, which distinguished his earlier years.

"Quesnay," says Madame du Hausset, "étoit un grand

[1] Journal de Madame du Hausset in the Melanges, etc., p. 277. A striking instance of the confidence placed by the most opposite parties in Quesnay is given in the first volume of Marmontel's Memoirs.

[2] His portrait, painted at the expense of the Duke of Villeroi, was admirably engraved by Wille.

genie, suivant l'opinion de tous ceux qui l'avoit connu, et de plus un homme fort gai. Il aimoit causer avec moi de la campagne; j'y avois été elevée, et il me faisoit parler des herbages de Normandie et du Poitou, de la richesse des fermiers, et de la maniere de cultiver. C'étoit le meilleur homme du monde, et la plus éloignè de la plus petite intrigue. Il étoit bien plus occupé à la cour de la meilleure maniere de cultiver la terre que de tout ce que s'y passoit."[1]

"Tandis," says Marmontel, "que les orages se formoient et se dissipoient au-dessus de l'entresol de Quesnay, il griffonnoit ses axiomes et ses calculs d'économie rustique, aussi tranquille, aussi indifférent à ces mouvemens de la cour, que s'il en eût été à cent lieues de distance. Là bas, on déliberait de la paix, de la guerre, du choix des généraux, du renvoi des ministres; et nous, dans l'entresol, nous raisonnions d'agriculture; nous calculions le produit net, ou quelquefois nous dînions gaiement avec Diderot, d'Alembert, Duclos, Helvétius, Turgot, Buffon; et Madame de Pompadour, ne pouvant pas engager cette troupe de philosophes à descendre dans son salon, venoit elle-même les voir à table et causer avec eux."[2]

Dr Smith was well acquainted with Quesnay. He frequently met him during his residence at Paris in 1766. And while he bears testimony to the "modesty and simplicity" of his character, he has pronounced his system to be, "with all its imperfections, the nearest approximation to the truth that has yet been published on the subject of Political Economy."[3] So highly, indeed, was Smith impressed with a sense of his merits, that he intended, had he not been prevented by Quesnay's death, to have inscribed to him the "Wealth of Nations."[4]

Having married when at Mantes, Quesnay had a son, to whom he gave an excellent education; but he refused to solicit for him any place or situation under government. This son ultimately settled in the country on an estate near Beauvoir. Turgot gave a place in the administration to one of

[1] "Melanges," p. 343. [2] Mémoires d'un Pere, i. 286, ed. 1827.
[3] "Wealth of Nations," p. 307.
[4] See "Sketch of the Life and Writings of Smith."

Quesnay's grandsons; and another, who entered the army, served as captain of infantry at the battle of Jemappes.

Quesnay repaid the esteem of his friends by his readiness, on every occasion, to do all in his power to advance their interests. Mercier de la Rivière, the author of the work "Sur l'ordre Naturel et Essentiel des Sociétés Politiques,"[1] occupied a high place in his affections. He was also much attached to the elder Mirabeau, Turgot, Dupont, St Peravy,[2] the Abbe Baudeau, and other leading Economists, who willingly acknowledged him for their master, and exerted themselves to defend and propagate his doctrines. It is to be regretted that in doing this, they too often displayed a sectarian and unphilosophical spirit. They seem to have regarded Quesnay's writings as all but inspired; not as being generally correct, but as being in every respect perfect. Hence, they did not presume to examine the foundations of his theory, or even to question his most startling conclusions. But assuming them to be unassailable and applicable to every state of circumstances, they confined themselves to attempts to set them in a clearer light, and to obviate the objections which were urged against them. Hence their works are characterised by an unusual degree of sameness, so that when one of them has been read with ordinary attention, there is but little to be learned from the others. This abject deference to the authority of their master, the extravagant terms in which they spoke of him, and their pedantic phraseology, deservedly exposed them

[1] He had been *Intendant* at Martinique, and published the work referred to in (2 vols. 12mo) 1767, after his return from that colony. It gives the best exposition of the system of the Economists. "Ce livre excellent," says Dupont, "garde dans sa logique, à la fois eloquente et serrée, *l'ordre* même qu'il expose à ses lecteurs. Toujours evident pour les têtes fortes il a superieurement l'art de se rendre intelligible aux têtes foibles, en saisissant le côté par ou les vérités les plus ignorés sont intimement liés aux vérités les plus connues: Il presente leur union avec une evidence si naive, que chacun s' imagine avoir pensé le premier des choses auxquelles il ne songea jamais."—*Origine et Progrès d'une Science Nouvelle, p.* 15.

[2] Author of a "Memoire sur les Effets de l'Impôt Indirect." 12mo. 1768.

to much ridicule, diminished their influence, and obstructed the progress of the science. But despite these defects, they were in reality, and not in appearance merely, a sect of whom it may be truly said,—

> Secta fuit, servare modum, finemque tenere,
> Naturamque sequi, patriæque impendere vitam;
> Nec sibi, sed toti genitum se credere mundo.

We beg to subjoin, from the work of Dupont, "Sur l'Origine et Progrès d'une Science Nouvelle," a summary of the various institutions, rules, and conditions, which the economists held to be necessary for the good government and prosperity of a country:—

"Voici le résumé de toutes les institutions sociales fondées sur l'ordre naturel, sur la constitution physique des hommes et des autres êtres dont ils sont environnés.

"*Propriété personelle*, établie par la nature, par la nécessité physique dont il est à chaque individu de disposer de toutes les facultés de sa personne, pour se procurer les choses propres à satisfaire ses besoins, sous peine de souffrance et de mort.

"*Liberté de travail*, inséparable de la propriété personelle dont elle forme une partie constitutive.

Propriété mobiliaire, qui n'est que la propriété personelle même, considérée dans son usage, dans son objet, dans son extension nécessaire sur les choses acquises par le travail de sa personne.

"*Liberté d'échange*, de commerce, d'emploi de ses richesses, inséparable de la propriété personelle et de la propriété mobiliaire.

"*Culture*, qui est un usage de la propriété personelle, de la propriété mobiliaire et de la liberté qui en est inséparable: usage profitable, nécessaire, indispensable pour que la population puisse s'accroître, par une suite de la multiplication des productions nécessaires à la subsistance des hommes.

"*Propriété fonciere*, suite nécessaire de la culture, et qui n'est que la conservation de la propriété personelle et de la propriété mobiliaire, employées aux travaux et aux dépenses

preparatoires indispensables pour mettre la terre en état d'être cultivée.

" *Liberté de l'emploi de sa terre*, de l'espece de sa culture, de toutes les conventions relatives à l'exploitation, à la concession, à la rétrocession, à l'échange, à la vente de sa terre, inséparable de la propriété fonciere.

" Partage naturel des récoltes, *en reprises des cultivateurs*, ou richesses dont l'emploi doit indispensablement être de perpétuer la culture, sous peine de diminution des récoltes et de la population ; et *produit net*, ou richesses disponibles dont la grandeur décide de la prospérité de la société, dont l'emploi est abandonné à la volonté et à l'intérêt des propriétaires fonciers, et qui constitue pour eux le prix naturel et légitime des dépenses qu'ils on faites, et des travaux auxquels ils es sont livrés pour mettre la terre en état d'être cultivée.

" *Sureté*, sans laquelle la propriété et la liberté ne seraient que de droit et non de fait, sans laquelle le *produit net* serait bientôt anéanti, sans laquelle la culture même ne pourrait subsister.

" *Autorité tutélaire et souveraine*, pour procurer la sureté essentiellement nécessaire à la propriété et à la liberté ; et qui s'acquitte de cet important ministere, en promulguant et faisant exécuter les loix de l'ordre naturel, par lesquelles la propriété et la liberté sont établies.

" *Magistrats*, pour décider dans les cas particuliers quelle doit être l'application des loix de l'ordre naturel, réduites en loix positives par l'autorité souveraine ; et qui ont le devoir impérieux de comparer les Ordonnances des Souverains avec les loix de la Justice par essence, avant de s'engager à prendre ces Ordonnances positives, pour régle de leurs jugemens.

" *Instruction publique et favorisée*, pour que les citoyens l'autorité et les magistrats, ne puissent jamais perdre de vue les loix invariables de l'ordre naturel, et se laisser égarer par les prestiges de l'opinion, ou par l'attrait des intérêts particuliers exclusifs qui, dès qu'ils sont *exclusifs* sont toujours malentendus.

" *Revenu public*, pour constituer la force et le pouvoir nécessaire à l'autorité Souveraine : pour faire les frais de son

ministere protecteur, des fonctions importantes des magistrats, et de l'instruction indispensable des loix de l'ordre naturel.

" *Impôt direct*, ou partage du produit net du territoire, entre les propriétaires fonciers et l'autorité Souveraine ; pour former le revenu public d'une maniere qui ne restraigne ni la propriété ni la liberté, et qui par conséquent ne soit pas destructive.

" *Proportion essentielle et nécessaire de l'impôt direct*, avec le produit net, telle qu'elle donne à la société le plus grand revenu public qui soit possible, et par conséquent le plus grand degré possible de sureté, sans que le sort des propriétaires fonciers cesse d'être le meilleur sort dont on puisse jouir dans la société.

" *Monarchie hèréditaire*, pour que tous les intérêts présens et futurs du dépositaire de l'autorité Souveraine, soit intimement liés avec ceux de la société par le partage proportionnel du *produit net*."

SKETCH

OF

THE LIFE AND WRITINGS

OF

ADAM SMITH, LL.D.

Adam Smith, author of the "Wealth of Nations," was born at Kirkcaldy, on the 5th of June 1723. His father, who held the situation of comptroller of customs in that town, died a few months before his birth; so that the charge of his early education devolved wholly on his mother, the daughter of Mr Douglas of Strathenry, in the county of Fife.

His constitution during infancy is said to have been extremely infirm and delicate, and required all the anxious attention of his mother, who treated him with the greatest indulgence. This, however, had no unfavourable influence over his temper or dispositions; and he repaid the fond solicitude of his parent by every attention that filial gratitude and affection could dictate, during the long period of sixty years.

When only three years of age, he was stolen by a party of gypsies from Strathenry, to which place he had been carried by his mother. Fortunately, however, the future reformer of the commercial policy of nations was speedily restored to his parent and to society.

He received the first rudiments of his education in the grammar school of Kirkcaldy. The weakness of his consti-

tution prevented him from indulging in the amusements common to boys of his age. But Dugald Stewart states,[1] that he was even then distinguished by his passion for books, and by the extraordinary powers of his memory; that he was much beloved by his schoolfellows, many of whom subsequently attained to great eminence; and that he was thus early remarkable for those habits which remained with him through life, of speaking to himself when alone, and of absence in company.

He continued at Kirkcaldy until 1737, when he was sent to the University of Glasgow, where he remained for three years. He then entered Baliol College, Oxford, as an exhibitioner on Snell's foundation; and continued for seven years to prosecute his studies at that celebrated seminary.

Stewart mentions, on the authority of Dr Maclaine of the Hague, that mathematics and natural philosophy formed young Smith's favourite pursuits while at Glasgow. But, subsequently to his removal to Oxford, he seems to have entirely abandoned them, and to have principally devoted the time not consumed in the routine duty of the University to the study of the *belles lettres*, and of those moral and political sciences of which he was destined afterwards to become so great a master.[2]

Smith does not seem to have felt any very peculiar respect for his English *alma mater*. The just though severe remarks in the "Wealth of Nations" on the system of education followed in Oxford and Cambridge, had evidently been suggested by his own observation. He shows that it is reasonable to expect that the plan of appointing professors with handsome salaries, who are not permitted to receive fees from their pupils, should, in all ordinary cases, induce them either

[1] In his interesting Account of the Life and Writings of Smith.

[2] Mr Stewart has justly applied to Smith what Lord Bacon said of Plato: "Illum, licet ad rempublicam non accessisset, tamen naturâ et inclinatione omnino ad res civiles propensum, vires eo præcipue intendisse: neque de Philosophia Naturali admodum sollicitum esse; nisi quatenus ad Philosophi nomen et celebritatem tuendum, et ad majestatem quandam moralibus et civilibus doctrinis addendam et aspergendam sufficeret."

wholly to neglect the important duties of their office, or to discharge them in the most slovenly manner; and he refers to the example of Oxford, to prove the accuracy of this conclusion; "the greater part of the public professors of that seminary having, for these many years, given up altogether even the pretence of teaching."

While at Oxford, Smith frequently employed himself in translating, particularly from the French, in the view of improving his style; and he used often to express a favourable opinion of such exercises. But this was a species of employment he might have prosecuted with nearly equal advantage at any other place. No doubt, however, he must have reaped considerable advantage from his residence at Oxford, by its contributing to improve and perfect his acquaintance with the niceties and delicacies of the English language, as well as by rendering him a greater proficient in classical learning, of which his knowledge was both extensive and accurate; but it is not, perhaps, very easy to discover what other obligations he could owe to it. What advantage could he derive in prosecuting his inquiries respecting the history of society, and into "those principles which ought to run through and be the foundation of the laws of all nations," from living among those who were satisfied with what had been known on these subjects two thousand years ago? and who compelled the noble and aspiring youth of the country, committed to their charge, to draw the principal part of their information with respect to politics and philosophy from the politics and the logic of Aristotle?[1]

Something had occurred, while Smith was at Oxford, to excite the suspicions of his superiors with respect to the nature of his private pursuits; and the heads of his college, having entered his apartment without his being aware, unluckily found him engaged reading Hume's "Treatise of

[1] It is perhaps unnecessary to observe, that these remarks apply only to the state of education at Oxford at the period when it was attended by Smith. Latterly it has been very much improved; though the constitution of the University opposes formidable obstacles to the introduction of the best system.

Human Nature." The objeetionable work was, of eourse, seized; the young philosopher being at the same time severely reprimanded.[1]

He continued, subsequently to his return from Oxford in 1747, to reside for nearly two years at Kirkcaldy, with his mother. He had been sent to Oxford that he might qualify himself for entering the Chureh of England. The eeclesiastieal profession was not, however, agreeable to his taste; and, in opposition to the advice of his friends, he returned to Seotland, resolved to devote himself exclusively to literary pursuits.

In the latter part of the year 1748, Smith fixed his residenee in Edinburgh, where he was prevailed upon, by the eneouragement and persuasion of Lord Kames, and some of his other friends, to deliver, during that and the two following years, a eourse of leetures on rhetorie and *belles lettres*. The lectures were well attended by an auditory eomposed ehiefly of students of law and theology. He had the honour to reekon among his pupils Mr Wedderburn, afterwards Lord Loughborough; Mr William Johnston, afterwards Sir William Pulteney; Dr Blair, ete.; with all of whom he subsequently continued on the most intimate terms. It was at this period also that he laid the foundation of that friendship with Mr David Hume, which lasted, without the slightest interruption, till the death of the latter.

No part of these lectures was ever published; but it would appear from the statement of Dr Blair, who eommenced his eourse of lectures on rhetorie and *belles lettres* in 1758, ten years after Smith's first course, that they had been redueed into a systematic shape. In a note to his eighteenth leeture, Blair mentions that he had borrowed several of the ideas respeeting the general characters of style, particularly the plain and simple, and the eharacters of those English authors who are elassed under them, from a manuseript

[1] Mr Stewart has not mentioned this circumstance, but it rests on the best authority.

treatise of Smith on Rhetoric, of which the author had shown him a part.

His increasing celebrity procured for Smith, in 1751, the honour of being elected Professor of Logic in the University of Glasgow; and in the following year he was elevated to the chair of Moral Philosophy in the same University, vacant by the death of Mr Craigie, the immediate successor of the celebrated Dr Hutcheson, under whom Smith had formerly studied. He continued to hold this situation for thirteen years; and, as the studies and inquiries in which his academical duties daily engaged him, were those most agreeable to his taste, it is not surprising that he should have considered his residence at Glasgow as the happiest portion of his life. At the same time, it seems reasonable to conclude that his professional pursuits must have had a great effect in maturing his speculations in morals and politics, and, consequently, in determining him to undertake the great works which have immortalised his name.

Mr Millar, author of the "Historical View of the English Government," and Professor of Law in the University of Glasgow, had the advantage of hearing Smith's course of lectures on Moral Philosophy, of which he has given the following account:—

"His course of lectures was divided into four parts. The first contained Natural Theology; in which he considered the proofs of the being and attributes of God, and those principles of the human mind upon which religion is founded. The second comprehended Ethics, strictly so called, and consisted chiefly of the doctrines which he afterwards published in his Theory of Moral Sentiments. In the third part, he treated at more length of that branch of morality which relates to justice, and which, being susceptible of precise and accurate rules, is for that reason capable of a full and particular explanation.

"Upon this subject he followed the plan that seems to be suggested by Montesquieu; endeavouring to trace the gradual progress of jurisprudence, both public and private, from the rudest to the most refined ages, and to point out the effects of those arts which contribute to subsistence, and to the accu-

mulation of property, in producing correspondent improvements or alterations in law and government. This important branch of his labours he also intended to give to the public; but his intention, which is mentioned in the conclusion of the 'Theory of Moral Sentiments,' he did not live to fulfil.

"In the last part of his lectures, he examined those political regulations which are founded, not upon the principle of *justice*, but that of *expediency*, and which are calculated to increase the riches, the power, and the prosperity of a state. Under this view, he considered the political institutions relating to commerce, to finances, to ecclesiastical and military establishments. What he delivered on these subjects contained the substance of the work he afterwards published under the title of 'An Inquiry into the Nature and Causes of the Wealth of Nations.'

"There was no situation in which the abilities of Dr Smith appeared to greater advantage than as a professor. In delivering his lectures, he trusted almost entirely to extemporary elocution. His manner, though not graceful, was plain and unaffected; and, as he seemed to be always interested in the subject, he never failed to interest his hearers. Each discourse consisted commonly of several distinct propositions, which he successively endeavoured to prove and illustrate. These propositions, when announced in general terms, had, from their extent, not unfrequently something of the air of a paradox. In his attempts to explain them, he often appeared, at first, not to be sufficiently possessed of the subject, and spoke with some hesitation. As he advanced, however, the matter seemed to crowd upon him, his manner became warm and animated, and his expression easy and fluent. In points susceptible of controversy, you could easily discern, that he secretly conceived an opposition to his opinions, and that he was led upon this account to support them with greater energy and vehemence. By the fulness and variety of his illustrations, the subject gradually swelled in his hands, and acquired a dimension which, without a tedious repetition of the same views, was calculated to seize the attention of his audience, and to afford them pleasure, as well as instruction, in following the

same object through all the diversity of shades and aspects in which it was presented, and afterwards in tracing it backwards to that original proposition or general truth from which this beautiful train of speculation had proceeded.

"His reputation as a professor was accordingly raised very high, and a multitude of students from a great distance resorted to the University, merely upon his account. Those branches of science which he taught became fashionable at this place, and his opinions were the chief topics of discussion in clubs and literary societies. Even the small peculiarities in his pronunciation or manner of speaking became frequently the objects of imitation."

Smith made his debût as an author by contributing, anonymously, two articles to the "Edinburgh Review," commenced in 1755, of which only two numbers were published. The first of these articles is a review of Dr Johnson's Dictionary, and the second a letter to the editor, containing some observations on the literature of the different European countries. The latter is worth notice as evincing the attention paid by the author to Continental literature, at a period when it was comparatively neglected in this country.

In 1759 Dr Smith published his "Theory of Moral Sentiments." He had been engaged for a very considerable period in the composition of this work, which is throughout elaborated with the greatest care. The fundamental principle maintained by the author is, that *sympathy* forms the real foundation of morals; that we do not immediately approve or disapprove of any given action, when we have become acquainted with the intention of the agent and the consequences of what he has done, but that we previously enter, by means of that sympathetic affection which is natural to us, into the feelings of the agent and those to whom the action relates; that, having considered all the motives and passions by which the agent was actuated, we pronounce, with respect to the *propriety* or *impropriety* of the action, according as we sympathise or not with him; while we pronounce, with respect to the *merit* or *demerit* of the action, according as we sympathise with the gratitude or resentment of those who were its objects, and

that we necessarily judge of our own conduct by comparing it with such maxims and rules as we have deduced from observations previously made on the conduct of others.

"Whatever judgment," says Smith, "we form with respect to our own motives and actions must always bear some secret reference, either to what are, or to what, upon a certain condition, would be, or to what we imagine ought to be, the judgment of others. We endeavour to examine our own conduct as we imagine any other fair and impartial spectator would examine it. If, upon placing ourselves in his situation, we thoroughly enter into all the passions and motives which influenced it, we approve of it by sympathy with the approbation of this supposed equitable judge. If otherwise, we enter into his disapprobation and condemn it."[1]

Several, and, as it is now generally admitted, some unanswerable, objections have been urged against this most ingenious theory. But whatever difference of opinion may exist with respect to the truth of the principle it involves, the "Theory of Moral Sentiments" has been universally allowed to abound in the most admirable disquisitions, in a faithful and skilful delineation of character, and in the soundest and most elevated maxims for the practical regulation of human life. The style various, but always eloquent, is worthy of the subject; and while it serves, by the beauty and richness of its colouring, to relieve the dryness of some of the more abstract discussions, it gives additional force to the powerful recommendations of generous, upright, and disinterested conduct to be found in every part of the work.

Dr Brown, who has criticised this theory with his usual acuteness, and has shown that though sympathy may diffuse moral sentiments it cannot originate them, bears, notwithstanding, the strongest testimony to the transcendant merits of Smith's work. "The Theory of Moral Sentiments," he observes, "is, without all question, one of the most interesting works, perhaps I should have said the most interesting work, in moral science. It is valuable, however, as I before

[1] "Theory of Moral Sentiments," part iii. chap. 1

remarked, not for the leading doctrine, of which we have seen the fallacy, but for the minor theories which are adduced in illustration of it; for the refined analysis which it exhibits in many of its details; and for an eloquence which, adapting itself to all the temporary varieties of its subject, familiar, with a sort of majestic grace, and simple even in its magnificence, can play amid the little decencies and proprieties of common life, or rise to all the dignity of that sublime and celestial virtue, which it seems to bring from heaven indeed, but to bring down gently and humbly, to the humble bosom of man."[1]

Having published the substance of so important a part of his lectures, Smith was enabled to make considerable retrenchments from the ethical part of his course, and to give a proportional extension to the disquisitions on Jurisprudence and Political Economy. He had long been in the habit of embodying the results of his studies and investigations with respect to both these departments of political science, and particularly the latter, in his lectures. And it appears, from a statement which he drew up in 1755, to vindicate his claims to certain political and literary opinions, that he had been in the habit of teaching, from the time he obtained a chair in the University of Glasgow, and even when at Edinburgh, the same enlarged and liberal doctrines with respect to the freedom of industry, and the injurious influence of restraints and regulations, which he afterwards so fully established in the "Wealth of Nations." His residence in a large commercial city, like Glasgow, gave him considerable advantage in the prosecution of his favourite studies, by affording means of easily obtaining that correct practical information on many points, which cannot be learned from books, and by enabling him to compare his theoretical doctrines with the experimental conclusions of his mercantile friends. Notwithstanding the disinclination, so common among men of business, to listen to speculative opinions, and the opposition of his leading principles to the old

[1] "Brown's Lectures," vol. iv. p. 132. edit. 1824.

maxims of trade, he was able, before he quitted his situation in the University, to rank some very eminent merchants among his proselytes.

The publication of the "Theory of Moral Sentiments" brought a vast accession of reputation to Smith; and placed him, in the estimation of all who were qualified to form an opinion on such a subject, in the first rank of moralists, and of able and eloquent writers.

In 1762 the Senatus Academicus of the University of Glasgow unanimously conferred on him the honorary degree of Doctor of Laws; in testimony, as it is expressed in the minutes of the meeting, of their respect for his universally acknowledged talents, and of the advantage that had resulted to the University from the ability with which he had for many years expounded the principles of jurisprudence. But the most important effect of his increasing celebrity, in so far at least as respected himself, was his receiving in 1763 an invitation from Mr Charles Townsend, who had married the Duchess of Buccleuch, to attend her Grace's son, the young Duke, on his travels; and the advantageous terms that were offered, combined with the strong desire he entertained of visiting the Continent, induced him to accept the offer, and to resign his chair at Glasgow. "With the connection which he was led to form in consequence of this change in his situation," says Stewart, "he had reason to be satisfied in an uncommon degree, and he always spoke of it with pleasure and gratitude. To the public it was not perhaps a change equally fortunate; as it interrupted that studious leisure for which nature seems to have destined him, and in which alone he could have hoped to accomplish those literary projects which had flattered the ambition of his youthful genius."

Dr Smith set out for France in company with his noble pupil in March 1764. They remained only a few days at Paris on their first visit to that capital, but proceeded to Toulouse, where they resided for about eighteen months. The society of Toulouse, a considerable city, and at that time the seat of a parliament, must have been a good deal superior to that of most country towns; and Smith no doubt availed

himself of it, and of the leisure he then enjoyed, to perfect and extend his knowledge of the literature, internal policy, and state of France. He has told us that he was not disposed to place much confidence in the facts and reasonings of political arithmeticians; and it is evident, from his rarely stating facts on the authority of others, and from the references he occasionally makes to circumstances connected with Toulouse, Geneva, and other places he visited, that he was chiefly indebted to his own observation and inquiries for the accurate and extensive information which he is universally acknowledged to have possessed with respect to the institutions, habits, and condition of the French people.

After leaving Toulouse, Smith and his noble pupil proceeded to Geneva, where they resided two months. They returned to Paris at Christmas, 1765, and remained in that city for nearly twelve months. During the whole of this period, Smith lived on the most friendly footing with the best society in Paris. Turgot, afterwards Comptroller-General of Finance, D'Alembert, Helvetius, Marmontel, the Abbé Morellet,[1] the Duke of la Rochefoucault, Madame Riccoboni, etc., were of the number of his acquaintances; and some of them he continued ever after to reckon among his friends. He was also on familiar terms with M. Quesnay, founder of the sect of the Economists; and there is every reason to think that he derived considerable advantage from his intercourse with that able and excellent person, than whom none was better qualified to

[1] The paragraph which follows is extracted from the "Mémoires" of the Abbé Morellet, published in 1821. "J'avais connu Smith dans un voyage qu'il avait fait en France, vers 1762; il parlait fort mal notre langue; mais sa *Théorie des Sentimens Moraux*, publiée en 1759, m'avait donné une grande idée de sa sagacité et de sa profondeur. Et véritablement je le regarde encore aujourd'hui comme un des hommes qui a fait les observations et les analyses les plus complètes dans toutes les questions qu'il a traitées. M. Turgot, qui aimait ainsi que moi la métaphysique, estimait beaucoup son talent. Nous le vîmes plusieurs fois; il fut présenté chez Helvétius: nous parlâmes théorie commerciale, banque, crédit public, et de plusieurs points du grand ouvrage qu'il méditait. Il me fit présent d'un fort joli portefeuille anglais de poche, qui était à son usage, et dont je me suis servi vingt ans."—Tome i. p. 237.

strike out original and ingenious views. So sensible, indeed, was Smith of his merits as a man and a philosopher, that he intended, had he not been prevented by Quesnay's death, to have left a lasting testimony of the estimation in which he held him, by dedicating to him the "Wealth of Nations."

In October 1766, the Duke of Buccleuch, accompanied by Smith, returned to London. The latter soon after removed to his old residence at Kirkcaldy; where he continued to reside, with little interruption, for about ten years, habitually occupied in study, and in the elaboration of his great work. The "Inquiry into the Nature and Causes of the Wealth of Nations" appeared in 1776; an æra that will be for ever memorable in the history of political philosophy. But having elsewhere examined most part of the leading theories and doctrines advanced in this work,[1] it is sufficient at present to observe, that notwithstanding the errors and defects which have been discovered in some of its principles, and the objections which have been made, and perhaps with justice, to its arrangement, it will ever remain one of the noblest monuments of profound sagacity, various learning, and persevering research, directed to the most useful purposes. In particular parts it might be improved; but as a whole it has so many excellences, and such a well-founded celebrity, that it will doubtless continue, for a lengthened period, to be the fountain whence succeeding economists must draw inspiration,—

———"A quo, ceu fonte perenni,
Vatum Pieriis ora rigantur aquis."

Smith has an unquestionable claim to be regarded as the real founder of the modern system of Political Economy. In adopting the discoveries of others, he made them his own. And in such complicated and difficult subjects, a higher degree of merit belongs to the party who first establishes the truth, and traces the consequences, of a new doctrine, than to him who may previously have stumbled upon it by accident, or who dismisses it as if it were valueless. Though he has

[1] For a general view of its principal merits and defects, see the Introductory Discourse prefixed to the edition of the "Wealth of Nations," by the author of this work.

not left a perfect work, Smith has left one which contains a greater number of useful truths than have ever been given to the world by any other individual; and he has pointed out and smoothed the route, by following which subsequent philosophers have been able to perfect much that he left incomplete, to rectify the mistakes into which he fell, and to make many new and important discoveries. Whether, indeed, we refer to the soundness of its leading doctrines, the liberality and universal applicability of its practical conclusions, or the powerful and beneficial influence it has had on the progress of economical science, and on the policy and conduct of nations, the "Wealth of Nations" must be placed in the foremost rank of those works which have helped to liberalise, enlighten, and enrich mankind.[1]

[1] Sir James Mackintosh has made the following just and discriminating remarks on the great works of Grotius, Locke, Montesquieu, and Smith: —"The 'Treatise on the Law of War and Peace,' the 'Essay on the Human Understanding,' the 'Spirit of Laws,' and the 'Inquiry into the Causes of the Wealth of Nations,' are the works which have most directly influenced the general opinion of Europe during the two last centuries. They are also the most conspicuous landmarks in the progress of the sciences to which they relate. It is remarkable that the defects of all these great works are very similar. The leading notions of none of them can, in the strictest sense, be said to be original, though Locke and Smith in that respect surpass their illustrious rivals. All of them employ great care in ascertaining those laws which are immediately deduced from experience, or directly applicable to practice, but apply metaphysical and abstract principles with considerable negligence. None pursues the order of science, beginning with first elements, and advancing to more and more complicated conclusions; though Locke is, perhaps, less defective in method than the rest. All admit digressions which, though often intrinsically excellent, distract attention, and break the chain of thought. None of them are happy in the choice, or constant in the use, of technical terms; and in none do we find much of that rigorous precision which is the first beauty of philosophical language. Grotius and Montesquieu were imitators of Tacitus,—the first with more gravity, the second with more vivacity; but both were tempted to forsake the simple diction of science in pursuit of the poignant brevity which that great historian has carried to a vicious excess. Locke and Smith chose an easy, clear, and free, but somewhat loose and verbose, style,—more concise in Locke, more elegant in Smith,—in both exempt from pedantry, but not void of ambiguity and

Hume, who was then labouring under his last illness, addressed a congratulatory letter to Smith on the publication of the "Wealth of Nations." And it is a curious fact, that he points out in it what is the principal blemish of the work, viz., the erroneous view which it gives of the nature and causes of rent. He says, "he cannot think that the rent of farms makes any part of the price of produce." It is not known whether Hume had himself arrived at this conclusion, or had derived it from the writings or conversation of Dr Anderson, by whom it had been already established. But it is singular, seeing that his attention had been directed to the subject by one he so greatly esteemed, that Smith did not submit his statements in regard to rent to a more searching and careful analysis. Had he done this, he would most probably have adopted the views of Anderson and Hume, and materially improved his great work.[1]

Smith survived the publication of the "Wealth of Nations" fifteen years. He had the satisfaction to see it translated into all the languages of Europe; to hear his opinions quoted in the House of Commons; to be consulted by the minister; and to observe that the principles he had expounded were beginning to produce a material change in the public opinion, and in the councils of this and other countries. And he must have enjoyed the full conviction that the progress of events would ensure their ultimate triumph, by showing that they were productive of signal advantage, not only to the

repetition. Perhaps all these apparent defects contributed, in some degree, to the specific usefulness of these great works; and, by rendering their contents more accessible and acceptable to the majority of readers, have more completely blended their principles with the common opinions of mankind."—*Article on Stewart's View of the Progress of Metaphysical, Ethical, and Political Science, in the 71st Number of the Edinburgh Review.*

[1] In the copy of the letter now referred to, given by Stewart in his "Life of Smith," the paragraph relating to rent is omitted. Another paragraph is also omitted, in which Hume expresses his belief that the statement in regard to the seignorage charged on coins in France could not be well-founded. And in this case too he was quite right.—See p. 21 of the *Wealth of Nations*, in one vol., by the author of this work.

general mass of mankind, but to the inhabitants of every country which should have good sense enough to adopt them.

Hume died soon after the publication of the "Wealth of Nations." Smith, with whom he had long lived on the most intimate terms, was most solicitous in his attentions to his illustrious friend during his illness; and gave a brief but interesting account of the circumstances connected with his death, and a sketch of his character, in a letter addressed to Mr Strachan of London, which was soon after published as a supplement to Mr Hume's autobiography. In it he says that his deceased friend "approached as nearly to the idea of a perfectly wise and virtuous man as, perhaps, the nature of human frailty will permit." This unqualified eulogium excited the indignation of those who took offence at Hume's religious opinions. Dr Horne, Bishop of Norwich, in an anonymous letter, attacked Smith on this ground; and ascribed to him, though without any certain data to go upon, the same sceptical tenets that had been entertained by Hume. But he took no notice of this effusion; and wisely declined entering upon a controversy which could have had no useful result.

Smith resided principally in London during the two years immediately subsequent to the publication of the "Wealth of Nations," caressed by the most distinguished persons in the metropolis, who were justly proud of his acquaintance, and who, though they could not always subscribe to the justice of his remarks, were delighted with the goodness of his heart, his simplicity, and the vigour of his understanding. In 1778 he was appointed, through the unsolicited application of his old pupil and friend, the Duke of Buccleuch, a commissioner of customs for Scotland. In consequence, he removed to Edinburgh, where he continued afterwards to reside, possessed of an income more than equal to his wants, and in the enjoyment of the society of his earliest and most esteemed friends. His mother, then in extreme old age, and his cousin, Miss Douglas, accompanied him to Edinburgh, the latter superintending the domestic arrangements and economy of his family.

But though his appointment to the customs reflects much credit on the nobleman by whose intervention it was pro-

cured, it was neither worthy of the country nor of Smith. The philosopher who had produced a work in which the true sources of national wealth and prosperity were, for the first time, fully explored and laid open, deserved a different and a higher reward. Thousands of persons could have performed the duties of a commissioner of the customs quite as well as Smith, or perhaps better; but there was not one, besides himself, who could have given that "account of the general principles of law and government, and of the different revolutions they have undergone in the different ages and periods of society,"[1] which it was his intention to give. And this intention he would most probably have fulfilled, had not the well-earned bounty of the public been clogged by the performance of petty routine duties which engrossed the greater part of his time, and left him but little leisure for study.

In 1787 Smith was elected Lord Rector of the University of Glasgow. On this occasion he addressed a letter to that learned body, which strikingly evinces the high sense he felt of this honour, and his regard for those from whom it emanated. "No preferment," says he, "could have given me so much real satisfaction. No man can owe greater obligations to a society than I do to the University of Glasgow. They educated me; they sent me to Oxford. Soon after my return to Scotland, they elected me one of their own members; and afterwards preferred me to another office, to which the abilities and virtues of the never-to-be-forgotten Dr Hutcheson had given a superior degree of illustration. The period of thirteen years, which I spent as a member of that society, I remember as by far the most useful, and therefore as by far the happiest and most honourable, period of my life; and now, after three-and-twenty years' absence, to be remembered in so very agreeable a manner by my old friends and protectors, gives me a heart-felt joy which I cannot easily express to you."

His constitution, which had at no time been robust, began early to give way; and his decline was accelerated by the

[1] See the concluding paragraph of the "Theory of Moral Sentiments."

grief and vexation he felt on account of the death of his mother, to whom he had been most tenderly attached, in 1784, and of Miss Douglas, in 1788. He survived the latter only about two years, having died in July 1790. His last illness, which was occasioned by a chronic obstruction of the bowels, was both tedious and painful. But he bore it with the greatest fortitude and resignation: his cheerfulness never forsook him; and he had all the consolation that could be derived from the sympathy and attention of his friends.

His conduct in private life did not belie the generous principles inculcated in his works. He was in the habit of allotting a considerable part of his income to offices of secret charity. Stewart mentions that he had been made acquainted with some very affecting instances of his beneficence. "They were all," he observes, "on a scale much beyond what might have been expected from his fortune; and were accompanied with circumstances equally honourable to the delicacy of his feelings and the liberality of his heart."

Smith acquired a valuable and well-selected, though not a very extensive, library. He collected only the best editions of the best works in the different departments of literature and philosophy, and the finest copies of each. "The first time," says Mr Smellie, "I happened to be in his library, observing me looking at the books with some degree of curiosity, and perhaps surprise, for most of the volumes were elegantly, and some of them most superbly bound, 'You must have remarked,' said he, 'that *I am a beau in nothing but my books.*'"[1]

Notwithstanding the apparent flow and artlessness of his style, and his great experience in composition, Smith stated, not long before his death, that he continued to compose as slowly, and with as great difficulty, as at first. He did not write with his own hand, but generally walked up and down his apartment, dictating to an amanuensis,[2] a habit which may

[1] Smellie's "Lives," p. 296.

[2] Mr Stewart states that all Hume's works were written with his own hand; and that the last volumes of his history were printed from the original copy, with only a few marginal corrections.

in part, perhaps, account for that diffuseness and redundancy of style which is so observable in the "Wealth of Nations." He regarded the works of Middleton as affording the best specimens of English composition; and he was accustomed to recommend the careful study of his "Life of Cicero" to all who wished to write easily, perspicuously, and in correct English.

The want of notes, and the fewness of references to authorities, may be mentioned as a peculiarity of Smith's writings; and one in which they differ very widely from those of his illustrious contemporaries, Hume and Robertson, especially the last. Stewart says, that "Smith considered every species of note as a blemish or imperfection, indicating either an idle accumulation of superfluous particulars, or a want of skill and comprehension in the general design."[1] But, though it must be admitted that Robertson, in his Histories of Charles V. and America, has embodied in notes a large amount of interesting matter, which might have been advantageously incorporated with the text, Smith has certainly carried the opposite practice to an extreme. It is impossible, indeed, to lay down any precise rules on subjects of this sort, or to say positively when notes or references had better be made or omitted. Their excess, and their total, or nearly total omission, seem to be alike objectionable. At all events, there does not appear to be much room for doubting that the arrangement of the "Wealth of Nations" would have gained materially in clearness and simplicity, had the author adopted, in part at least, the plan of Robertson, and thrown some of the numerous digressions by which the thread of the investigation is interrupted into the form of notes or supplementary chapters. And there are many occasions when a reference to the facts or authorities on which an argument is founded, would have given it additional strength, and been satisfactory to the reader.

Smith had early resolved that such only of his manuscripts as he himself judged fit for publication should ever see

[1] Account of the Life and Writings of Robertson, p. 142.

the light; and a few days before his death, he gave effect to this resolution, by having all his papers committed to the flames, excepting some fragments of essays, intended to illustrate the principles that lead and direct philosophical inquiries, which he left to his friends to publish or not as they thought proper. The contents of the manuscripts that were destroyed are not exactly known; but they certainly comprised the course of lectures on rhetoric and *belles lettres* delivered at Edinburgh in 1748, and the lectures on jurisprudence and natural religion, which formed a most important part of the course of moral philosophy delivered at Glasgow. The loss of the latter must ever be a subject of deep regret, and is, in truth, one of the most serious which philosophy has to deplore. We are ignorant of the motives which led to their destruction; but Mr Stewart surmises that it was not so much on account of any apprehended injury to the author's literary reputation from the publication of such unfinished works, as from an anxiety lest the progress of truth should be retarded by the statement of doctrines the proofs of which were not fully developed.

The following observations on the private character and habits of Smith proceed from the pen of Dugald Stewart, who knew him well, and who was the last survivor of that galaxy of illustrious men who shed, during the last century, so imperishable a glory over the literature of Scotland. "The more delicate and characteristical features of his mind," Stewart observes, "it is perhaps impossible to trace. That there are many peculiarities, both in his manners and in his intellectual habits, was manifest to the most superficial observer; but although, to those who knew him, these peculiarities detracted nothing from the respect which his abilities commanded; and although, to his intimate friends, they added an inexpressible charm to his conversation, while they displayed, in the most interesting light, the artless simplicity of his heart; yet it would require a very skilful pencil to present them to the public eye. He was certainly not fitted for the general commerce of the world, or for the business of active life. The comprehensive speculations with which he had been occupied from his youth, and the variety of materials

which his own invention continually supplied to his thoughts, rendered him habitually inattentive to familiar objects, and to common occurrences; and he frequently exhibited instances of absence, which had scarcely been surpassed by the fancy of La Bruyere.[1] Even in company he was apt to be engrossed with his studies; and appeared at times, by the motion of his lips, as well as by his looks and gestures, to be in the fervour of composition. I have often, however, been struck, at the distance of years, with his accurate memory of the most trifling particulars; and am inclined to believe, from this and some other circumstances, that he possessed a power, not perhaps uncommon among absent men, of recollecting, in consequence of subsequent efforts of reflection, many occurrences which, at the time when they happened, did not seem to have sensibly attracted his notice.

"To the defect now mentioned, it was probably owing, in part, that he did not fall in easily with the common dialogue of conversation, and that he was somewhat apt to convey his own ideas in the form of a lecture. When he did so, however, it never proceeded from a wish to engross the discourse, or to gratify his vanity. His own inclination disposed him so strongly to enjoy in silence the gaiety of those around him, that his friends were often led to concert little schemes, in order to engage him in the discussions most likely to interest him. Nor do I think I shall be accused of going too far when I say, that he was scarcely ever known to start a new topic himself, or to appear unprepared upon those topics that were introduced by others. Indeed, his conversation was never more amusing than when he gave a loose to his genius upon the very few branches of knowledge of which he only possessed the outlines.

"The opinions he formed of men, upon a slight acquaintance, were frequently erroneous; but the tendency of his nature inclined him much more to blind partiality than to ill-

[1] Some instances of this sort have been specified in an article in the "Quarterly Review;" but of these some are said to be of doubtful authenticity, and they are all too evidently caricatured to warrant any confidence being placed in them.

founded prejudice. The enlarged views of human affairs, on which his mind habitually dwelt, left him neither time nor inclination to study, in detail, the uninteresting peculiarities of ordinary characters; and accordingly, though intimately acquainted with the capacities of the intellect, and the workings of the heart, and accustomed, in his theories, to mark, with the most delicate hand, the nicest shades, both of genius and of the passions; yet, in judging of individuals, it sometimes happened that his estimates were, in a surprising degree, wide of the truth.

"The opinions, too, which in the thoughtlessness and confidence of his social hours, he was accustomed to hazard on books, and on questions of speculation, were not uniformly such as might have been expected from the superiority of his understanding, and the singular consistency of his philosophical principles. They were liable to be influenced by accidental circumstances, and by the humour of the moment; and, when retailed by those who only saw him occasionally, suggested false and contradictory ideas of his real sentiments. On these, however, as on most other occasions, there was always much truth, as well as ingenuity, in his remarks; and if the different opinions which, at different times, he pronounced upon the same subject had been all combined together, so as to modify and limit each other, they would probably have afforded materials for a decision, equally comprehensive and just. But, in the society of his friends, he had no disposition to form those qualified conclusions that we admire in his writings; and he generally contented himself with a bold and masterly sketch of the object, from the first point of view in which his temper, or his fancy, presented it. Something of the same kind might be remarked, when he attempted, in the flow of his spirits, to delineate those characters which, from long intimacy, he might have been supposed to understand thoroughly. The picture was always lively and expressive, and commonly bore a strong and amusing resemblance to the original, when viewed under one particular aspect; but seldom, perhaps, conveyed a just and complete conception of it in all its dimensions and proportions. In a word, it was the

fault of his unpremeditated judgment to be too systematical, and too much in extremes.

"But, in whatever way these trifling peculiarities in his manners may be explained, there can be no doubt that they were intimately connected with the genuine artlessness of his mind. In this amiable quality, he often recalled to his friends the accounts that are given of good La Fontaine; a quality which in him derived a peculiar grace from the singularity of its combination with those powers of reason and of eloquence, which, in his political and moral writings, have long engaged the admiration of Europe.

"In his external form and appearance there was nothing uncommon. When perfectly at ease, and when warmed with conversation, his gestures were animated, and not ungraceful; and, in the society of those he loved, his features were often brightened with a smile of inexpressible benignity. In the company of strangers, his tendency to absence, and perhaps still more his consciousness of this tendency, rendered his manner somewhat embarrassed;—an effect which was probably not a little heightened by those speculative ideas of propriety, which his recluse habits tended at once to perfect in his conception, and to diminish his power of realising. He never sat for his picture; but the medallion of Tassie conveys an exact idea of his profile, and of the general expression of his countenance."

The following is a list of the published works of Dr Smith:—

1. Two articles in the "Edinburgh Review" for 1755, being (1) a Review of "Johnson's English Dictionary;" and (2) "A Letter to the Editors."

2. "Theory of Moral Sentiments." The first edition of this work was published in 8vo, early in 1759. The sixth edition was published a short time before the author's death. It contains several additions, most of which were executed during his last illness.

3. "Considerations concerning the first Formation of Languages, and the different Genius of Original and Compounded Languages."

This essay was originally subjoined to the first edition of the "Moral Sentiments." It is an ingenious and pretty successful attempt to explain the formation and progress of language, by means of that species of investigation to which Dugald Stewart has given the appropriate name of *Theoretical* or *Conjectural History;* and which consists in endeavouring to trace the progress and vicissitudes of any art or science, partly from such historical facts as have reference to it, and, where facts are wanting, from inferences derived from considering what would be the most natural and probable conduct of mankind under the circumstances supposed.

4. "An Inquiry into the Nature and Causes of the Wealth of Nations." The first edition was published at London in 1776, in two volumes 4to. The fourth edition, which was the last revised by the author, appeared, in three volumes 8vo, in 1786.

5. His posthumous works, or those which he exempted from the general destruction of his manuscripts, and which were published by his friends, Doctors Black and Hutton. These gentlemen, in an advertisement prefixed to the publication, state that, when the papers which Dr Smith had left in their hands were examined, "the greater number appeared to be parts of a plan he once had formed for giving a connected history of the liberal sciences and elegant arts." "It is long," they add, "since he found it necessary to abandon that plan, as far too extensive; and these parts of it lay beside him neglected until his death. The reader will find in them that happy connection, that full and accurate expression, and that clear illustration, which are conspicuous in the rest of his works; and though it is difficult to add much to the great fame he so justly acquired by his other writings, these will be read with satisfaction and pleasure." The papers in question comprise,—I. Fragments of a great work "On the Principles which lead and direct Philosophical Inquiries, illustrated—(1) by the History of Astronomy; (2) by the History of the Ancient Physics; and (3) by the History of the Ancient Logics and Metaphysics." II. An essay entitled, "Of the Nature of that

Imitation which takes place in what are called the Imitative Arts." III. A short tract, "Of the Affinity between certain English and Italian Verses." IV. A disquisition, "Of the External Senses."

Of the historical dissertations, the first only, on the "History of Astronomy," seems to be nearly complete. They are all written on the plan of the dissertation on the "Formation of Languages," being partly theoretical, and partly founded on fact. In the essay on the "History of Astronomy," after premising some acute and ingenious speculations with respect to the effects of unexpectedness and surprise, and of wonder and novelty, the author proceeds to give a brief outline of the different astronomical systems, from the earliest ages down to that of Newton.

The fragments that remain of the other two historical essays are much less complete, and do not possess the interest of the former.

Dr Smith contends, in the essay on the "Imitative Arts," that the pleasure derived from them depends principally upon the difficulty of the imitation, or, as he has expressed it, "upon our wonder at seeing an object of one kind represent so well an object of a very different kind, and upon our admiration of the art which surmounts so happily that disparity which nature had established between them."[1] On this principle he explained the preference so generally given in tragedy to blank verse over prose; and Stewart mentions that, for the same reason, he was inclined to prefer rhyme in tragedy to blank verse, and that he extended the same principle to comedy; and even went so far as to regret that those graphic delineations of real life and manners, exhibited on the English stage, had not been subjected to the fetters of rhyme, and executed in the manner of the French school. His theoretical conclusions on this curious topic of speculation were confirmed by the admiration he entertained for the great dramatic authors of France—an admiration that was heightened in no small degree when he saw their *chefs-d'œuvre* represented on the stage.

[1] Smith's Works, vol. v. p. 261, edit. 1811.

The short essay, "Of the Affinity between certain English and Italian Verses," is curious rather than valuable. It affords a curious illustration of the variety of the author's literary pursuits.

The disquisition with respect to the "External Senses" is of considerable extent. It embraces some ingenious discussions; and is a valuable contribution to the science of which it treats.

SKETCH

OF

THE LIFE AND WRITINGS

OF

DAVID RICARDO, ESQ., M.P.

Mr Ricardo was placed, in early life, under circumstances apparently the least favourable for the formation of those habits of patient and comprehensive investigation, which afterwards raised him to a high rank among political philosophers.

He was the third of a numerous family, and was born on the 19th of April 1772. His father, a native of Holland, and of the Jewish persuasion, settled in this country early in life. He is said to have been a man of good talents, and of the strictest integrity; and, having become a member of the Stock Exchange, he acquired a respectable fortune, and possessed considerable influence in his circle. David, the subject of the present memoir, was destined for the same line of business as his father; and received, partly in England, and partly at a school in Holland, where he resided two years, such an education as is usually given to young men intended for the mercantile profession. Classical learning formed no part of his early instruction; and it has been questioned, with how much justice we shall not undertake to decide, whether its acquisition would have done him service; and whether it

might not probably have made him seek for relaxation in the study of elegant literature, rather than in the severer exercises of the understanding, and prompted him to adopt opinions sanctioned by authority, without inquiring very anxiously into the grounds on which they rested.

Mr Ricardo began to be confidentially employed by his father in the business of the Stock Exchange when he was only fourteen years of age. Neither then, however, nor at any subsequent period, was he wholly engrossed by the details of his profession. From his earliest years he evinced a taste for abstract reasoning; and manifested that determination to probe every subject of interest to the bottom, and to form his opinion upon it according to the conviction of his mind, which was a distinguishing feature of his character.

Mr Ricardo, senior, had been accustomed to subscribe, without investigation, to the opinions of his ancestors on all questions connected with religion and politics, and he was desirous that his children should do the same. But this system of passive obedience, and of blind submission to the dictates of authority, was quite repugnant to the principles of young Ricardo, who, though he did not fail to testify the sincerest affection and respect for his father, found reason to differ from him on many important points, and even to secede from the Hebrew faith.

Not long after this event, and shortly after he had attained the age of majority, Mr Ricardo formed a matrimonial union, productive of unalloyed domestic happiness. Having been separated from his father, he was now thrown on his own resources, and commenced business for himself. At this important epoch of his history, the oldest and most respectable members of the Stock Exchange gave a striking proof of the esteem entertained by them for his talents and character, by voluntarily coming forward to support him in his undertakings. His success exceeded the most sanguine expectations of his friends; and in a few years he realised an ample fortune.

"The talent for obtaining wealth," says one of Mr Ricardo's near relations, from whose account of his life we have borrowed these particulars, "is not held in much estimation; but per-

haps in nothing did Mr R. more evince his extraordinary powers than he did in his business. His complete knowledge of all its intricacies,—his surprising quickness at figures and calculation,—his capability of getting through, without any apparent exertion, the immense transactions in which he was concerned,—his coolness and judgment, combined certainly with (for him) a fortunate tissue of public events,—enabled him to leave all his contemporaries at the Stock Exchange far behind, and to raise himself infinitely higher, not only in fortune, but in general character and estimation, than any man had ever done before in that house. Such was the impression which these qualities had made on his competitors, that several of the most discerning among them, long before he had emerged into public notoriety, prognosticated in their admiration that he would live to fill some of the highest stations in the state." [1]

According as his solicitude about his success in life declined, Ricardo devoted a greater portion of his time to scientific and literary pursuits. When about twenty-five years of age, he began the study of some branches of mathematical science, and made considerable progress in chemistry and mineralogy. He fitted up a laboratory, formed a collection of minerals, and was one of the original members of the Geological Society. But he never entered warmly into the study of these sciences. They were not adapted to the peculiar cast of his mind; and he abandoned them entirely, as soon as his attention was directed to the more congenial study of Political Economy.

He is stated to have become acquainted, for the first time, with the "Wealth of Nations" in 1799, while on a visit at Bath. He was highly gratified by its perusal; and it is most probable that the inquiries about which it is conversant continued henceforth to engage a considerable share of his attention, though it was not till a later period that his spare time was almost exclusively occupied with their study.

Ricardo made his first appearance as an author in 1809.

[1] See an Account of the Life of Mr Ricardo in the "Annual Obituary" for 1823, supposed to be written by one of his brothers.

The rise in the market price of bullion, and the fall of the exchange, which had taken place in the course of that year, excited a good deal of attention. Ricardo applied himself to the consideration of the subject; and the studies in which he had latterly been engaged, combined with the experience he had derived from his moneyed transactions, not only enabled him to perceive the true causes of the phenomena in question, but to trace and exhibit their practical bearing and real effect. He began this investigation without intending to lay the result of his researches before the public. But having shown his manuscript to the late Mr Perry, the proprietor and editor of the "Morning Chronicle," the latter prevailed upon him, though not without considerable difficulty, to consent to its publication, in the shape of letters, in that journal. The first of these appeared on the 6th of September 1809. They made a considerable impression, and elicited various answers. This success, and the increasing interest of the subject, induced him to commit his opinions upon it to the judgment of the public, in a more enlarged and systematic form, in the tract entitled, "The High Price of Bullion a Proof of the Depreciation of Bank Notes," which led the way in the far-famed bullion controversy. It issued from the press several months previously to the appointment of the Bullion Committee, and is believed to have had no inconsiderable effect in forwarding that important measure. In this tract Mr Ricardo showed that redundancy and deficiency of currency are only relative terms; and that, so long as the currency of any particular country consists exclusively of gold and silver coins, or of paper immediately convertible into such coins, its value can neither rise above nor fall below the value of the metallic currencies of other countries, by a greater sum than will suffice to defray the expense of importing foreign coin or bullion, if the currency be deficient; or of exporting a portion of the existing supply, if it be redundant. But when a country issues inconvertible paper notes (as was then the case in England), they cannot be exported to other countries in the event of their becoming redundant at home; and whenever, under

such circumstances, the exchange with foreign states is depressed below, or the price of bullion rises above, its mint price, more than the cost of sending coin or bullion abroad, it shows conclusively that too much paper has been issued, and that its value is *depreciated from excess*. The principles which pervade the "Report of the Bullion Committee" are substantially the same with those established by Ricardo in this pamphlet. But the more comprehensive and popular manner in which they are illustrated in the Report, and the circumstance of their being recommended by a committee comprising some of the ablest men in the country, gave them a weight and authority which they could not otherwise have obtained. And though the prejudices and ignorance of some, and the interested, and therefore determined, opposition of others, prevented for a while the adoption of the measures proposed by Ricardo and the committee for restoring the currency to a sound and healthy state, they were afterwards carried into full effect; and afford one of the most memorable examples in our history of the triumph of principle over selfishness, sophistry, and error.

The *fourth* edition of this tract is the most valuable. An Appendix added to it has some observations on certain disputed questions in the theory of exchange; and it also contains the first germ of the original idea of making bank notes exchangeable for bars of gold bullion.

Among those who entered the lists in opposition to the principles laid down, and the practical measures suggested in this tract, and in the Report of the Bullion Committee, a prominent place is due to Mr Bosanquet. This gentleman had great experience as a merchant; and as he professed that the statements and conclusions embodied in his "Practical Observations," which are completely at variance with those in the Report, were the result of a careful examination of the theoretical opinions of the Committee by the test of fact and experiment, they were well fitted to make, and did make, a very considerable impression. The triumph of Mr Bosanquet was, however, of very short duration. Mr Ricardo did not hesitate to attack this formidable adversary

in his stronghold. His tract, entitled "Reply to Mr Bosanquet's Practical Observations on the Report of the Bullion Committee," was published in 1811, and is one of the best essays that has appeared on any disputed question of Political Economy. In this pamphlet, Ricardo met Bosanquet on his own ground, and overthrew him with his own weapons. He examined the proofs which the latter had brought forward, of the pretended discrepancy between the facts stated in his own tract, which he said were consistent with experience, and the theory laid down in the Bullion Report; and showed that Mr Bosanquet had either mistaken the cases by which he proposed to test the theory, or that the discrepancy was apparent only, and was entirely a consequence of his inability to apply the theory, and not of anything erroneous or deficient in it. The victory of Ricardo was perfect and complete; and the elaborate errors and misstatements of Bosanquet served only, in the words of Dr Coppleston, "to illustrate the abilities of the writer who stepped forward to vindicate the truth."[1]

This tract affords a striking example of the ascendancy which those who possess a knowledge both of principle and practice, have over those who are familiar only with the latter. And though the interest of the question which led to its publication has subsided, it will always be read with delight by such as are not insensible of the high gratification which all ingenuous minds must feel in observing the ease with which a superior intellect clears away the irrelevant matter with which a question has been designedly embarrassed, reduces false facts to their just value, and traces and exhibits the constant operation of the same general principle through all the mazy intricacies of practical detail.

The merit of these pamphlets was duly appreciated; and Mr Ricardo's society was, in consequence, courted by men of the first eminence, who were not less pleased with his modesty and unassuming manners, than with the vigour of his understanding. He formed, about this time, an intimacy with Mr

[1] First Letter to the Right Hon. Robert Peel, by one of his Constituents. p. 61.

Malthus, and Mr Mill, the historian of British India, which ended only with his death. To the latter he was particularly attached, and readily acknowledged how much he owed to his friendship.

Mr Ricardo next appeared as an author in 1815, during the discussions on the bill, afterwards passed into a law, for raising the limit at which foreign corn might be imported for consumption, to 80s. Malthus, and a "Fellow of University College, Oxford" (afterwards Sir Edward West), had, by a curious coincidence, in tracts published almost consentaneously, elucidated the true theory of rent, which, though fully explained by Dr Anderson as early as 1777, appears to have been entirely forgotten. But neither of these gentlemen perceived the bearing of the theory on the question in regard to the restriction of the importation of foreign corn. This was reserved for Ricardo, who, in his "Essay on the Influence of a Low Price of Corn on the Profits of Stock," showed the effect of an increase in the price of raw produce on wages and profits; and founded a cogent argument in favour of the freedom of the corn trade, on the very grounds on which Malthus had endeavoured to show the propriety of subjecting it to fresh restrictions.

In 1816, Mr Ricardo published his "Proposals for an Economical and Secure Currency, with Observations on the Profits of the Bank of England." In this pamphlet he examined the circumstances which determine the value of money, when every individual has the power to supply it, and when that power is restricted or placed under a monopoly; and he showed that, in the former case, its value will depend, like that of all other freely supplied articles, on its cost; while, in the latter, it will be unaffected by that circumstance, and will depend on the extent to which it may be issued compared with the demand. This is a principle of great importance; for it shows that intrinsic worth is not necessary to a currency, and that, provided the supply of paper notes, declared to be legal tender, be sufficiently limited, their value may be maintained on a par with the value of gold, or raised to any higher level. If, therefore, it were practicable to devise a plan for

preserving the value of paper on a level with that of gold, without making it convertible into coin at the pleasure of the holder, the heavy expense of a metallic currency would be saved. To effect this desirable object, Ricardo proposed that, instead of being made exchangeable for gold coins, bank notes should be made exchangeable for *bars of gold bullion of the standard weight and purity.* This plan, than which nothing can be more simple, was obviously fitted to check the over-issue of paper quite as effectually as it is checked by making it convertible into coin; while, as bars could not be used as currency, it prevented any gold from getting into circulation, and, consequently, saved the expense of coinage, and the wear and tear and loss of coins. It was recommended by the Committees of the Houses of Lords and Commons appointed, in 1819, to consider the expediency of the Bank of England resuming cash payments; and was adopted in the bill for their resumption introduced by Sir Robert Peel. In practice it was found completely to answer the object of checking over-issue. Inasmuch, however, as it required that the place of sovereigns should be filled with one pound notes, the forgery of the latter began to be extensively carried on. And it was wisely judged better to incur the expense of recurring to and keeping up a mixed currency, than to continue a plan which, though productive of a large saving, held out an all but irresistible temptation to crime.

In 1817, Mr Ricardo published his great work on the "PRINCIPLES OF POLITICAL ECONOMY AND TAXATION." This was a step which he did not take without much hesitation. He was not, and did not affect to be, insensible of the value of literary and philosophical reputation; but his modesty always led him to undervalue his own powers; and having acquired a high degree of celebrity as a writer on currency, he was unwilling to risk what he already possessed, by attempting to gain more. Ultimately, however, he was prevailed upon, by the entreaties of his friends, to allow his work to be sent to press. Its appearance forms a memorable æra in the history of political science. Exclusive of

many valuable subsidiary inquiries, he has pointed out, in this work, the source and limiting principle of exchangeable value, and has traced the laws which determine the distribution of wealth among the various ranks and orders of society. The powers of mind displayed in these investigations, the dexterity with which the most abstruse questions are unravelled, the sagacity displayed in tracing the operation of general principles, in disentangling them from such as are of a secondary and accidental nature, and in perceiving and estimating their remote consequences, have never been surpassed ; and will secure the name of Ricardo a permanent place among those who have done most to unfold the mechanism of society, and to discover the circumstances on which the well-being of its various orders must always mainly depend.

The principle, that the exchangeable value of commodities, or their worth as compared with each other, depends on *the quantities of labour* necessarily required to produce them and bring them to market, is fully established in this work. Adam Smith had shown that this principle determines the value of commodities in the earlier stages of society, before land is appropriated and capital accumulated ; but he supposed that, after land has become property and rent begins to be paid, and after capital has been amassed and workmen are hired by capitalists, the value of commodities fluctuates not only according to variations in the labour required to produce and bring them to market, but also according to variations of rents and wages. Ricardo, however, has shown that this theory is erroneous, and that the value of commodities is determined, in all states of society, by the same principle, or by the quantities of labour required for their production. He has shown that variations of profits or wages, by affecting different commodities to the same, or nearly the same extent, would either have no influence over their exchangeable value, or, if they had any, it would depend upon the degree in which they occasionally affect some products more than others. And Dr Anderson and others having already shown that rent is not an element of cost or value, it follows that the cost or value of all

freely produced commodities, the supply of which may be indefinitely increased (abstracting from temporary variations of supply and demand), depends wholly on the quantities of labour required for their production, and not upon the rate at which that labour may be paid; so that, supposing the labour required to produce any number of commodities to remain constant, their cost and value will also remain constant, whether wages fall from 3s. to 1s., or rise from 3s. to 5s. or 7s. a-day. This is the fundamental theorem of the science of value, and the clue which unravels the intricate labyrinth of the laws which regulate the distribution of wealth. Its discovery has shed a flood of light on what was previously shrouded in all but impenetrable mystery; and the knotty and formerly insoluble questions regarding the action of wages and profits on each other and on prices, have since ceased to present any insuperable difficulties. What the researches of Locke and Smith did for the production of wealth, those of Ricardo have done for its value and distribution.

The establishment of general principles being Ricardo's great object, he has paid comparatively little attention to their practical application, and sometimes, indeed, he has in great measure overlooked the circumstances by which they are occasionally countervailed. In illustration of this we may mention, that society being laid under the necessity of constantly resorting to inferior soils to obtain additional supplies of food, he lays it down that, in the progress of society, raw produce and wages have a constant tendency to rise and profits to fall. And this, no doubt, is in the abstract true. But it must at the same time be observed, that if on the one hand society be obliged constantly to resort to inferior soils, agriculture is on the other hand susceptible of indefinite improvement; and this improvement necessarily in so far countervails the decreasing fertility of the soil; and may, and in fact frequently does, more than countervail it. Ricardo has also very generally overlooked the influence of increased prices in diminishing consumption and stimulating industry, so that his conclusions, though true according

to his assumptions, do not always harmonise with what really takes place. But his is not a practical work; and it did not enter into his plan to exhibit the circumstances which give rise to the discrepancies in question. The "Principles of Political Economy and Taxation" is not even a systematic treatise, but is principally an inquiry respecting certain fundamental principles, most of which had previously been undiscovered. And though it be often exceedingly difficult, or it may be all but impossible, to estimate the extent to which these principles may in certain cases be modified by other principles and combinations of circumstances, it is obviously of the greatest importance to have ascertained their existence. They are so many land-marks to which to refer, and can never be lost sight of even in matters most essentially practical.

The portion of his work, in which Ricardo traces the incidence of taxes on rent, profit, wages, and raw produce, is more practical than the others; and should be carefully studied by those who wish to make themselves well acquainted with this department of political science.

Mr Ricardo had now become an extensive landed proprietor, and had wholly retired from business, with a fortune acquired with the universal respect and esteem of his competitors. But he did not retire from the bustle of active life, to the mere enjoyment of his acres. *Non fuit consilium socordia atque desidia bonum otium conterere.* He had other objects in view; and while his leisure hours, when in the country, were chiefly devoted to inquiries connected with that science, of which he was now confessedly at the head, he determined to extend the sphere of his usefulness, by entering the House of Commons. In 1819 he took his seat as member for Portarlington. His diffidence in his own powers had, however, nearly deprived the public of the services which he rendered in this situation. In a letter to one of his friends, dated the 7th of April 1819, he says—"You will have seen that I have taken my seat in the House of Commons. I fear that I shall be of little use there. I have twice attempted to speak; but I proceeded in the most embarrassed manner: and I have no hope of conquering the alarm with which I am

assailed the moment I hear the sound of my own voice." And in a letter to the same gentleman, dated the 22d of June 1819, he says,—"I thank you for your endeavours to inspire me with confidence on the occasion of my addressing the House. Their indulgent reception of me has, in some degree, made the task of speaking more easy to me; but there are yet so many formidable obstacles to my success, and some, I fear, of a nature nearly insurmountable, that I apprehend it will be wisdom and sound discretion in me to content myself with giving silent votes." Fortunately he did not adopt this resolution. The difficulties with which he had at first to struggle, and his diffidence in himself, gradually subsided; while the mildness of his manners, the mastery which he possessed over the subjects on which he spoke, and the purity of his intentions, speedily secured him a very extensive influence both in the House and the country, and gave great weight to his opinions.

Mr Ricardo was not one of those who make speeches to suit the ephemeral circumstances and politics of the day; he spoke only from principle, and with a fixed resolution never to diverge in any degree from the path which it pointed out; he neither concealed nor modified an opinion for the purpose of conciliating the favour, or of disarming the prejudices or hostility, of any man or set of men; nor did he ever make a speech or give a vote which he was not well convinced was founded on just principles, and calculated to promote the lasting interests of the public. Trained to habits of profound thinking, independent in his fortune, and inflexible in his principles, Ricardo had little in common with mere party politicians. The public good was the grand object of his parliamentary exertions; and he laboured to promote it, not by engaging in party combinations, but by supporting the rights and liberties of all classes, and by unfolding the true sources of national wealth and general prosperity.

The change that has taken place in public opinion respecting the financial and commercial policy of the country, since the period when Ricardo obtained a seat in the House of Commons, is as complete as it is gratifying. Not only

are the most enlarged principles advocated by all the leading members of both Houses; not only are they ready to admit that it is sound policy to admit free competition in every branch of industry, and to deal with all the world on a fair and liberal footing; but they have embodied these doctrines in the law of the land, and given them the sanction of parliamentary authority. Sir Robert Peel,[1] at a vast personal sacrifice, and despite obstacles which none else could have overcome, carried out and established, in their fullest extent, the principles of commercial freedom developed by Smith and his followers. And that great statesman willingly admitted that the writings and speeches of Ricardo had contributed in no ordinary degree to pave the way for this desirable consummation. As he was known to be a master of economical science, his opinion, from the moment he entered the House of Commons, was referred to on all important occasions.[2] And he acquired additional influence and consideration, according as experience served to render the House and the country better acquainted with his talents, and his singleness of purpose.

In 1820, Ricardo contributed an article on the "Funding System," to the Supplement to the "Encyclopædia Britannica." This tract, though confused in its arrangement, and in many respects defective, embraces some valuable discussions. He was a decided friend to the plan for raising the supplies for a war within the year, by an equivalent increase of taxation. And he also thought (in which opinion few probably will be disposed to concur) that it would be not only expedient but practicable to pay off the public debt by an assessment on capital.

In 1822, Ricardo published, during the parliamentary discussions on the subject of the corn laws, his tract on "Protection to Agriculture." This is the best of all his

[1] The most disinterested and truly patriotic minister that this country has had since the Revolution.

[2] Mr Ricardo made the first of his prominent appearances on the 24th of May 1819, in the debate on the resolutions proposed by Sir Robert Peel, respecting the resumption of cash payments. He did not rise until he was loudly called upon from all sides of the House.

pamphlets, and is, indeed, a *chef-d'œuvre*. The questions respecting remunerating price, the influence of a low and high value of corn over wages and profits, the influence of taxation over agriculture and manufactures, and many other topics of equal difficulty and interest, are all discussed in the short compass of eighty or ninety pages, with a precision and clearness that leaves nothing to be desired. Had he never written anything else, this pamphlet would have placed Ricardo in the first rank of political economists.

In this tract, Mr Ricardo explained his views in regard to the proposal, which he supported, of opening the ports to the free importation of corn under a fixed duty, accompanied with a nearly corresponding drawback. These he held to be necessary to countervail the peculiar burdens falling on the land, of the existence and pressure of which he had no doubt whatever. Conformably to this principle, he proposed that a duty of 20s. a-quarter should be laid on wheat (and proportionally on other grain), to be diminished by 1s. a-year till it was reduced to 10s., when it should become permanent; and that the accompanying drawback should be 7s. a-quarter. He adds, "10s. is, I am sure, rather too high as a countervailing duty for the peculiar taxes which are imposed on the corn-grower, over and above those which are imposed on the other classes of producers in the country; but I would rather err on the side of a liberal allowance than of a scanty one; and it is for this reason that I do not propose to allow a drawback quite equal to the duty." [1]

In farther illustration of this statement, we may mention, that in a letter,[2] which the author of this work had the honour to receive from Mr Ricardo, about a year previously to the publication of the tract now referred to, he expressed himself as follows, viz.:—"Your observations on the Report of the Agricultural Committee (of 1821) are excellent. I fought hard against the principle of the first passage which you quote, but without success. Mr Huskisson did not himself quite agree with its correctness. But the difference between him

[1] Works, p. 493.

[2] Dated 8th July 1821.

and me is this: he would uphold agriculture permanently up to its present height; I would reduce it gradually to the level at which it would have been if the trade had been free; for I should call the trade free, if wheat were subject to a permanent duty of 8s. a-quarter, to countervail the peculiar taxes to which land is subject."

There cannot, therefore, be any doubt in regard to Mr Ricardo's opinion respecting the proper course to be followed in dealing with the late corn laws. Had he lived to take part in the debates in 1846, there is every probability that he would have supported the measures which were then taken for their abolition. But he would not have done this from a conviction that they were really just and fair to all classes, but because, in addition to their being highly expedient in a general point of view, they had become imperatively necessary in the peculiar circumstances under which the failure of the potato crop had placed the country.[1]

Though not robust, Mr Ricardo's constitution was apparently good, and his health such as to promise a long life of usefulness. He had, indeed, been subject for several years to an affection in one of his ears; but as it had not given him any serious inconvenience, he paid it but little attention. When he retired to his seat in Gloucestershire (Gatcomb Park), subsequently to the close of the session of 1823, he was in excellent health and spirits; and, besides completing a tract containing a plan for the establishment of a *National Bank*, he engaged, with his usual ardour, in elaborate inquiries regarding some of the more abstruse economical doctrines. But he was not destined to bring these inquiries to a close! Early in September he was suddenly seized with a violent pain in the diseased ear. The symptoms were not, however, considered unfavourable:

[1] It is perhaps needless to say, that a thing may be expedient and necessary without being just. It may not only be expedient, but indispensable to the safety of a ship in a storm, to throw overboard some portion of the cargo: but it would be most unjust to allow a sacrifice incurred for the advantage of all, to fall exclusively on the owners of the ejected goods. And hence the practice, as old as the Rhodian law, but neglected in the case referred to, of average contributions.

and the breaking of an imposthume that had been formed within the ear contributed greatly to his relief. But the amendment was only transitory. Within two days, inflammation recommenced; and, after a period of the greatest agony, pressure on the brain ensued, which produced a stupor, that continued until death terminated his sufferings, on the 11th September, in his fifty-second year.

In private life, Ricardo was most amiable. He was an indulgent father and husband, and an affectionate and zealous friend. No man could be more thoroughly free from every species of artifice and pretension, more sincere, plain, and unassuming. He was particularly fond of assembling intelligent men around him, and of conversing in the most unrestrained manner on all topics of interest, but more especially on those connected with his favourite science. On these, as on all occasions, he readily gave way to others, and never discovered the least impatience to speak; but when he did speak, the solidity of his judgment, his candour, and his extraordinary talent for resolving a question into its elements, and for setting the most difficult and complicated subjects in the clearest light, arrested the attention of every one, and delighted all who heard him. He never entered into an argument, whether in public or private, for the sake of displaying ingenuity, baffling an opponent, or gaining a victory. The discovery of truth was his exclusive object. He was ever open to conviction. And if he were satisfied he had either advanced or supported an erroneous opinion, he was the first to acknowledge his error, and to caution others against it.

Few men have possessed in a higher degree than Mr Ricardo, the talent of speaking and conversing with clearness and facility on the abstrusest topics. In this respect, his speeches were greatly superior to his publications. The latter cannot be readily understood and followed without considerable attention; but nothing could exceed the skill and felicity with which he illustrated and explained the most difficult questions of Political Economy, both in private conversation and in his speeches. Without being forcible, his style of

speaking was easy, fluent, and agreeable. It was impossible to take him off his guard. To those who were not familiar with his speculations, some of his positions were apt to appear paradoxical; but the paradox was only in appearance. He rarely advanced an opinion on which he had not deeply reflected, and without examining it in every point of view. And the readiness with which he overthrew the most specious objections that the ablest men in the House could make to his doctrines, is the best proof of their correctness, and of the superiority of his understanding. That there were greater orators, and men of more varied and general acquirements, in Parliament than Ricardo, we readily allow; but we are bold to say, that in point of deep, clear, and comprehensive intellect, he had no superiors, and very few, if any, equals, either in Parliament or in the country.

Not less generous than intelligent, he was never slow to come forward to the relief of the poor and the distressed; and while he contributed to almost every charitable institution in the metropolis, he supported, at his own expense, an alms-house for the poor, and two schools for the instruction of the young, in the vicinity of his seat in the country.

Besides the publications previously enumerated, he left one or two manuscripts. Among others a "Plan for the Establishment of a National Bank" was found in a finished state, and was soon after published.

He also left "Notes" on Mr Malthus's Principles of Political Economy; containing a vindication of his own doctrines from the objections of Malthus, and showing the mistakes into which he conceives the latter had fallen. But we doubt whether they have sufficient interest to warrant their publication. The truth is, that Mr Malthus never had any clear perception of Mr Ricardo's peculiar doctrines, nor was he very successful in elucidating his own. Mr Ricardo refers as follows, in one of his letters, to Malthus' tract on the "Measure of Value," published in 1823:—"Have you seen Malthus' book on the 'Measure of Value'? His arguments appear to me fallacious from beginning to end. He would have done much better to rest his defence of the standard he has chosen

upon the old arguments in its favour, which I think unsatisfactory. But those which he now uses are delusive, and scarcely to be understood."

Though not properly belonging to the Whig party, Ricardo voted almost uniformly with the Opposition. He was impressed with the conviction that many advantages would result from giving the people a greater influence over the choice of their representatives in the House of Commons than they then possessed; and he was so far a friend to the system of the radical reformers, as to give his cordial support to the plan of voting by ballot; which he considered as the best means for securing the mass of the electors against improper solicitations, and for enabling them to vote in favour of the candidates whom they really approved. He did not, however, agree with the radical reformers in their plan of universal suffrage. He thought the elective franchise should be given to all who possessed a certain amount of property; but he was of opinion, that while it would be a very hazardous experiment, no practical good would result from giving the franchise indiscriminately to all. His opinions on these subjects are fully stated in the "Essay on Parliamentary Reform," and in the "Speech on the Ballot," in the collected edition of his works.

Of the value of the services which he rendered to Political Economy, there can be, among intelligent men, only one opinion. His works have made a large addition to the mass of useful and universally interesting truths, and afford some of the finest examples to be met with of discriminating analysis, and of profound and refined discussion. The brevity with which he has stated some of his most important propositions; their intimate dependence on each other; the fewness of his illustrations; and the mathematical cast he has given to his reasoning, render it sometimes a little difficult for readers, unaccustomed to such investigations, readily to follow him. But we can venture to affirm, that those who will give to his works the attention of which they are so worthy, will find them to be as logical and conclusive as they are profound and important. It was the opinion of Quintilian,

that the students of eloquence who were highly delighted with Cicero, had made no inconsiderable progress in their art; and the same may, without hesitation, be said of the students of Political Economy who find pleasure in the works of Ricardo: *Ille se profecisse sciat, cui Ricardo valde placebit.*

When the circumstances under which he spent the greater part of his life are brought under view; and when it is also recollected that he died at the early age of *fifty-one*, it may be truly said that very few have achieved so much. His industry was as remarkable as his sagacity and his candour.

"The History of Mr Ricardo," to use the words of Mr Mill, "holds out a bright and inspiring example. Mr Ricardo had everything to do for himself; and he did everything. Let not the generous youth, whose aspirations are higher than his circumstances, despair of attaining either the highest intellectual excellence, or the highest influence on the welfare of his species, when he recollects in what circumstances Mr Ricardo opened, and in what he closed, his memorable life. He had his fortune to make; his mind to form; he had even his education to commence and conduct. In a field of the most intense competition, he realised a large fortune, with the universal esteem and affection of those who could best judge of the honour and purity of his acts. Amid this scene of active exertion and practical detail, he cultivated and he acquired habits of intense, and patient, and comprehensive thinking: such as have been rarely equalled, and never excelled."

THE END.

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